

OVERSIGHT OF U.S. AIRLINE CUSTOMER SERVICE

(115-13)

HEARING
BEFORE THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
FIRST SESSION

MAY 2, 2017

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CONTENTS

	Page
Summary of Subject Matter	iv
WITNESSES	
Oscar Munoz, Chief Executive Officer, United Airlines, accompanied by Scott Kirby, President, United Airlines:	
Testimony	6
Prepared statement	86
Responses to questions for the record from the following Representatives:	
Hon. Mark Meadows of North Carolina	100
Hon. Brian Babin of Texas	101
Hon. Brian J. Mast of Florida	102
Joseph Sprague, Senior Vice President of External Relations, Alaska Airlines:	
Testimony	6
Prepared statement	105
Responses to questions for the record from the following Representatives:	
Hon. Mark Meadows of North Carolina	109
Hon. Brian J. Mast of Florida	112
Bob Jordan, Executive Vice President and Chief Commercial Officer, Southwest Airlines:	
Testimony	6
Prepared statement	114
Responses to questions for the record from the following Representatives:	
Hon. Mark Meadows of North Carolina	117
Hon. Brian J. Mast of Florida	117
Kerry F. Philipovitch, Senior Vice President of Customer Experience, American Airlines:	
Testimony	6
Prepared statement	120
Responses to questions for the record from the following Representatives:	
Hon. Mark Meadows of North Carolina	126
Hon. Brian J. Mast of Florida	127
William J. McGee, Aviation Consultant, Consumers Union:	
Testimony	6
Prepared statement	130
SUBMISSIONS FOR THE RECORD	
Letter of April 11, 2017, from Hon. Lloyd Smucker, a Representative in Congress from the State of Pennsylvania, to Oscar Munoz, Chief Executive Officer, United Airlines	48
ADDITIONS TO THE RECORD	
“Essential Reforms Needed to Stop Unjust Airline Passenger Ejections and Bumping” and “Proposed Airline Passenger Bill of Rights 2.0” from Paul Hudson, President, FlyersRights.org, submitted by Hon. Michael E. Capuano, a Representative in Congress from the State of Massachusetts	137



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

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April 28, 2017

SUMMARY OF SUBJECT MATTER

TO: Members, Committee on Transportation and Infrastructure
FROM: Staff, Committee on Transportation and Infrastructure
RE: Full Committee Hearing on "Oversight of U.S. Airline Customer Service"

PURPOSE

The Committee on Transportation and Infrastructure will meet on Tuesday, May 2, 2017 at 9:30 a.m. in 2167 Rayburn House Office Building to receive testimony concerning airline customer service issues. The Committee will receive testimony from representatives of airlines and consumers.

BACKGROUND

Prior to 1978, the federal government controlled virtually every aspect of the airline industry including routes flown, fares charged, and market entry through an extensive system of regulation. The *Airline Deregulation Act of 1978* (ADA), signed by President Jimmy Carter, eliminated most economic regulation of the airline industry, including regulation of fares, routes, and new market entry. The ADA allows airlines to make commercial decisions based on market conditions and business considerations. However, the federal government retains certain economic regulation related to licensing and consumer protection in addition to comprehensive safety regulation.

According to the U.S. Department of Transportation (DOT), the elimination of government regulation of airline fares and routes has resulted in lower fares and a wide variety of price/service options.¹ Prior to deregulation, the federal government ensured the profitability of U.S. air carriers. Since deregulation, air transportation has become available to more Americans. The number of passengers has greatly increased, while overall airfares have decreased.² In 2016,

¹ U.S. DOT, <https://www.transportation.gov/airconsumer/fly-rights>

² "Reregulating the Airline Industry Would Likely Reverse Consumer Benefits and Not Save Airline Pensions" GAO-06-630: Jun 9, 2006 <http://www.gao.gov/new.items/d06630.pdf>; see also, "How Airline Ticket Prices Fell 50% in 30 Years (and Why Nobody Noticed)", *The Atlantic*, Feb. 28, 2013, <https://www.theatlantic.com/business/archive/2013/02/how-airline-ticket-prices-fell-50-in-30-years-and-why-nobody-noticed/273506/>

U.S. airlines carried an all-time high number of passengers, 823 million system wide, including 719 million domestically and 103 million internationally.³ In 2015, approximately two million passengers flew *each day* on domestic and international flights operated by U.S. airlines.⁴ Foreign carriers serving the United States carried additional passengers to and from the United States.

U.S. airlines have a variety of business models. Some companies offer a comprehensive network of domestic and international destinations using a “hub-and-spoke” model. Other carriers offer low-cost service among limited networks of destinations that are often served point-to-point. Still, other carriers use a hybrid of these models. In recent years, a group of “ultra” low-cost carriers have emerged. Airlines offer different levels of service, types of seat choice, and varying amenities that are “bundled” or “unbundled” depending on the fare and other factors. Major U.S. passenger airlines also often partner with regional airlines to complement their services.

Aviation Consumer Protection

Congress, the DOT, and commercial “contracts of carriage” between airlines and passengers each play a role in determining the relationship between passengers and airlines.

Congressional Oversight and Aviation Consumer Protection Laws

In the decades since airline deregulation, Congress has passed a number of laws to address airline consumer protections. During the 114th Congress, Members introduced bills to address various airline customer service and consumer protection issues. Members have introduced additional bills in the 115th Congress. Congressional oversight over the years has also played an important role. For example, a series of prolonged tarmac delays between 2007 and 2009, during which passengers were confined for hours on aircraft without drinking water or functioning lavatories, led to hearings in 2009, DOT rulemaking proceedings in 2010, and changes in the law in 2012.⁵ The following are brief descriptions of key aviation consumer protection legislation.

Air Carrier Access Act

In 1986, Congress passed the *Air Carrier Access Act* (ACAA) (P.L. 99-435) to prohibit discrimination in air travel on the basis of disability. This law served as a predecessor to the landmark *Americans with Disabilities Act of 1990* (P.L. 101-336). The ACAA includes a number of provisions that protect disabled citizens when traveling by air, including the provision of movable armrests on certain aircraft, accessible lavatories, and assistance at airports.

³ Bureau of Transportation Statistics, March 16, 2017, <https://www.bts.gov/newsroom/2016-annual-and-december-us-airline-traffic-data>

⁴ Bureau of Transportation Statistics, “2015 U.S.-Based Airline Traffic Data.” https://www.rita.dot.gov/bts/press_releases/bts018_16

⁵ Rachel Y. Tang, *Airline Passenger Rights: The Federal Role in Aviation Consumer Protection*. Congressional Research Service, R43078, (Aug. 17, 2016).

FAA Modernization and Reform Act of 2012

On February 14, 2012, President Obama signed into law the *FAA Modernization and Reform Act of 2012* (FMRA) (P.L. 112-95). FMRA contains a subtitle dedicated to passenger air service improvements. The law addresses compensation for delayed baggage, disclosures to facilitate use of child safety seats on aircraft, creation of emergency contingency plans by airlines and airports, creation of a consumer complaint hotline, carriage of musical instruments, and other issues. FMRA also established the Advisory Committee for Aviation Consumer Protection (Advisory Committee) comprised of airlines, airports, state and local governments, and non-profits with expertise in consumer protection matters. The Advisory Committee is also responsible for recommending new programs to the Secretary of Transportation when deemed necessary.⁶

FAA Extension, Safety, and Security Act of 2016

On July 15, 2016, President Obama signed into law the *FAA Extension, Safety, and Security Act of 2016* (P.L. 114-190). This law contains additional reforms related to consumer protection, including clarifying requirements related to long tarmac delays, improvements to refund processes for delayed baggage, and directing the Secretary of Transportation to consider measures to keep families seated together aboard flights. The law also requires the Comptroller General to assess airlines' training policies for assisting individuals with disabilities and extends the Advisory Committee for Aviation Consumer Protection.

The U.S. Department of Transportation

The DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings (OAEP) has the primary responsibility of enforcing aviation consumer protection laws. In addition to enforcing specific statutes, such as the ACAA, it also has very broad authority to prohibit "unfair and deceptive practices" under 49 U.S.C. § 41712. The DOT has relied on section 41712 authority to regulate aviation consumer matters, including advertising, information disclosures, airline treatment of passengers during various situations, and the handling of complaints. The DOT enforces the statutes and its rules through the issuance of civil penalties and the negotiation of consent orders or a combination thereof. Airlines are subject to civil penalties of up to \$32,140 per violation with lesser penalties allowed for small businesses.⁷ In 2015, the DOT issued 15 consent orders related to consumer rule violations and assessed \$2,435,000 in civil penalties.⁸ In 2016, there were 27 consent orders issued by the DOT and \$6,355,000 dollars in civil penalties. So far in 2017, there have been eight enforcement orders issued.⁹

⁶ <https://www.transportation.gov/airconsumer/ACACP>

⁷ 49 U.S.C. § 46301.

⁸ Rachel Y. Tang, *Supra*. At 3.

⁹ https://www.transportation.gov/airconsumer/enforcement-orders?term_node_tid_depth=All&items_per_page=All

The OAEP also includes the Aviation Consumer Protection Division (ACPD). The ACPD is tasked with receiving complaints from members of the traveling public concerning issues they experienced during air travel. The ACPD assesses whether or not the action, inaction, or behavior complained of is a violation of consumer protection regulations. In 2015, the DOT received a total of 20,170 complaints, up from 15,539 received by the DOT in 2014.¹⁰ However, in the most recent Air Travel Consumer Report compiled by the ACPD, dated February 2017, 950 complaints were reported, 596 of which were directed toward U.S. airlines and 334 of which were directed toward foreign airlines.¹¹ These numbers are down from 1,501 total complaints reported in 2015, 1,111 of which were directed at U.S. airlines and 349 of which were directed at foreign airlines.¹²

Airline Contracts of Carriage

Contracts of carriage are a legal agreement between the airline and passengers containing the relevant terms and conditions of each carrier's service. While federal law requires a contract of carriage, each airline's contract of carriage can be different. The contracts include rules related to check-in, refunds, delayed flights, frequent flyer programs, liability limitations, etc. For domestic travel, an airline may provide all of its contract terms on or with the ticket. Other airlines may include their rules in a separate document which the ticket purchaser can request or review on the airline's website. In the era of electronic ticketing, these contracts are often available on airline websites. There are special notice requirements for contract provisions related to airfares. Additionally, not all of the notification and other requirements apply when traveling internationally. Modern day contracts of carriage by airlines replace the pre-airline deregulation tariffs that were enforced by the Civil Aeronautics Board.¹³ The DOT advises passengers to review the contract of carriage and ask questions.

¹⁰ https://www.rita.dot.gov/bts/press_releases/dot014_16

¹¹ <https://www.transportation.gov/sites/dot.gov/files/docs/resources/individuals/aviation-consumer-protection/278481/2017-april-ater.pdf> Pg. 37

¹² <https://www.transportation.gov/sites/dot.gov/files/docs/resources/individuals/aviation-consumer-protection/278481/2017-april-ater.pdf> Pg. 37

¹³ Rachel Y. Tang, *Supra*. At 4.

WITNESS LIST

Mr. Oscar Munoz
Chief Executive Officer
United Airlines
*(Accompanied by: Mr. Scott Kirby
President, United Airlines)*

Ms. Kerry Philipovitch
Senior Vice President of Customer Experience
American Airlines

Mr. Joseph Sprague
Senior Vice President of External Relations
Alaska Airlines

Mr. Bob Jordan
Executive Vice President and Chief Commercial Officer
Southwest Airlines

Mr. William J. McGee
Aviation Consultant
Consumers Union

OVERSIGHT OF U.S. AIRLINE CUSTOMER SERVICE

TUESDAY, MAY 2, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
WASHINGTON, DC.

The committee met, pursuant to notice, at 9:32 a.m. in room 2167, Rayburn House Office Building, Hon. Bill Shuster (Chairman of the committee) presiding.

Mr. SHUSTER. The committee will come to order. I first want to recognize Mr. LoBiondo for a motion.

Mr. LOBIONDO. Pursuant to rule 1(a)1 of the rules, Committee on Transportation and Infrastructure, I move that the chairman be authorized to declare recess during today's hearing.

Mr. SHUSTER. The question is on the motion.

All in favor, signify by saying aye.

All those opposed, signify by saying nay.

In the opinion of the Chair, the ayes have it, and the motion is agreed to.

I first want to start by thanking all the witnesses for being here today. You have accepted our invitation to testify on this oversight hearing on airline customer service. We invited all the major carriers to participate, and you were the brave few to be here with us to seek answers regarding the treatment of passengers in the airline industry.

Now, air travel can be a stressful experience for passengers, as many of us on this dais knows. We are passengers, many here are passengers on a twice-a-week basis, flying all over the country. But anyone who flies knows just getting on a plane can be stressful. Getting to the airport, checking in, getting through security, and getting to your gate on time can rattle even the most seasoned traveler.

But the whole process starts with the purchase of a ticket. When one of our constituents buys that ticket, there is an expectation that they will be treated fairly and with respect by the airlines and their employees. There is also an expectation that the ticket will be honored, and the airline will get them to their destination safely.

I used to be in business. In fact, I was in business for 20 years. And one of the fundamental rules of any successful business is that the customer comes first. And, as I said, I spent 20 years face to face in the retail business with customers, so I know firsthand how a customer is supposed to be treated if you want to be a successful business.

And so there is something clearly broken when we see passengers being treated the way some of them have been treated on recent flights. Regardless of the contractual relationship between the airline and the ticket holder, it is just common decency and common sense that you don't treat a person that way, let alone a paying customer. As I mentioned, Members of Congress fly a lot. So do many of our constituents, the people in this room, and those watching online. We have all been in a situation where we just want to get to our seat, get in the air, and get home as quickly as possible.

But imagine, almost 7 hours into a long flight, and you get physically ripped out of your seat that you paid for, thrown off the plane, and you get your teeth knocked out. Or imagine, while single-handedly trying to get your infant children on a flight, an attendant yanks your stroller away, nearly hits your baby with it, then almost comes to blows with another passenger who stands up for you.

These are just recent examples of some serious, disturbing customer service breakdowns. I expect we will hear more examples when the members of this committee get their opportunities to question the witnesses. There will be tough questions today, and make no mistake about it, you owe the public and this committee answers. Hundreds of millions of people fly in this country every year. In fact, 2 million people will fly today, or something close to 2 million, and they are tired of being treated inappropriately and without courtesy. Something is broken, and the obvious divide between passengers and the airlines needs to be addressed.

That is why we are here today. We are here to learn. And I want to repeat that. We want to learn. We want to hear what the breakdown and what the response is from the industry to make sure that it doesn't happen again, to learn about these customer service policies, what you are doing to improve the customer experience, what needs to be done to make some incidents like the ones we have recently witnessed not happen again, or never happen again.

This won't be a pleasant hearing for the witnesses today, but I do want it to be constructive. And I want to stress that. This needs to be constructive. We need to come out of here with a better understanding from this committee on what—how the airlines operate, and a better understanding of what the response to the airline industry is going to do to change, to make sure that steps are taken to improve customer service.

Mr. Munoz has been on TV, I watched him. Others have already made changes to the way they operate. It is a positive first step, but it is only a first step. This committee and Congress do not want half-measures or temporary fixes. This issue is not going away. We are not going away. We will hold you accountable, and we expect real results.

As a general rule, I don't believe in overburdening our businesses with regulations, or reregulating industries that have successfully deregulated. But I shouldn't need to remind you that Congress will not hesitate to act, whenever necessary, to ensure your customers, our constituents, are treated with the respect they deserve.

If we don't see meaningful results that improve customer service the next time this committee meets to address this issue, I can assure you you won't like the outcome.

So, again, I want this to be a constructive hearing today. And I appreciate the witnesses being here today to take these tough questions because, as I said, it is going to be a tough, tough hearing today.

And with that, I would like to recognize the ranking member, Mr. DeFazio, for 5 minutes to make an opening statement.

Mr. DEFAZIO. Thank you, Mr. Chairman. Obviously, I appreciate your holding this hearing. A number of us asked for a hearing after the highly publicized incident on United Airlines, and I am pleased we are here today for the hearing, not pleased for the circumstances.

I would say that today's hearing is really the culmination of a deterioration that we have seen over a number of years. I mean just think back to last summer. Hundreds of thousands of people were stranded and displaced for days because of major computer meltdowns at two airlines, including Southwest, who is represented here today.

Airplanes, you know, you are very good at filling them up. They often don't have a single empty seat, and the seats are getting smaller, and they are getting closer together. The new high-profile or low-profile seats are just great; you can jam more people into the cabin. But it is certainly testing the patience of the passengers, and testing the patience of the flight crew.

Just last month we saw an American Airlines flight attendant trying to goad a customer into a physical fight. I mean tempers are short everywhere. And then, of course, Dr. Dao, that incident. And I know, Mr. Munoz, that you have apologized, and I am interested what you are going to tell us here today about why this will never happen again, and how things are going to improve.

My first term in Congress, I introduced a bill called the Airline Passenger Equity Act, to keep airlines accountable to their passengers. Among other things, it would have required them to report information regarding flight delays, cancellations, reroutings, luggage status performance, bumped passengers. Some of these provisions were included in the Passenger Act of 1987. But, 30 years later, I think there is a lot of room for improvement.

So, I think we are here today to look and hear about where we could prod, push, or regulate, or legislate to get better service for passengers.

Today Ranking Member Larsen and I are requesting a GAO study of what more Congress and the DOT can do to remedy what has gone wrong with the airline system. We have seen massive consolidation. We have, basically, four carriers, 80 percent of the market. And, you know, less than a decade ago we had much more diversity and much less concentration.

Load factors are at a near 15-year high, 82.4 percent. Denied boardings, 40,000 passengers denied boarding last year. And a lot of people just don't have a choice any more. And we hear that the big problems are air traffic control, but actually 60 percent of delays were caused by factors within the airline's control. There is a recent article in Forbes by an advocate of privatization of air traf-

fic control who said you can't take 15 or 20 planes off in a 1-minute period from any airport, no matter what you have as a system, yet airlines insist on scheduling that way. And, in part, they are at fault, in addition to the meltdowns in the reservation systems, their dispatch systems, and other things.

The so-called passengers—you know, passengers' rights, when they are told to look at your contract of carriage, their contracts of carriage are, I would say, deliberately obscured, in terms of legalese. Some airlines, this is a—which one is this [indicating a document given to him]? OK, these are the contracts of carriage. Some of them are 37,000 words, 67 pages long. And I would say very few passengers have any idea what their rights are.

I had a staff member last weekend, after we had been talking about this, decide to print out the contract of carriage for the airline she was traveling on, and she found that there was a delay within the control of the airline which required her to get compensated, as she paged through the whole thing and found that. But, I mean, how many people have the patience to do that?

We need simple language disclosure and transparency in these contracts of carriage. That, in part, was what led to the incident with United Airlines, was the limitations in the policies.

Representative Larsen and I have introduced H.R. 1420, the Know Before you Fly Act, 2 months ago, and it would require that the airlines provide information to the public regarding their policies from posing baggage fees, assisting passengers during widespread disruptions.

You know, as we have seen the concentration grow for a long time, the airlines neglected their own IT infrastructure. We had those incidents last summer with dispatch and with ticketing. And, you know, that really shows, to me, that this is all being driven by the bottom line, and not by customer service. And we have got to get some customer service back in there, and customer rights in there.

And now, you know, now we are being pressured by the airlines to privatize the air traffic control system, and put them in effective control of the governing board. I think the airline industry needs to focus on getting its own house in order, instead of extending its reach to control our skies. The airlines' lack of focus on the traveling public and the repeated failures to invest in IT infrastructure only add to the many reasons I will continue to oppose privatization of air traffic control.

With that, Mr. Chairman, I thank you for the time, and look forward to the testimony.

Mr. SHUSTER. I thank the gentleman and now recognize subcommittee chairman Mr. LoBiondo for 5 minutes for an opening statement.

Mr. LOBIONDO. Thank you, Mr. Chairman. Like you, I was deeply troubled by the events that occurred last month, where a paying passenger was forcefully removed from his seat. No one should ever be treated this way, and we are here today to ensure that this never happens again, and hear how that is going to take place, so it never happens again.

Flying is stressful. That is just the simple truth. Passengers are stressed, waiting at a crowded gate for a delayed flight, or trying

to make a connecting flight when the weather is not cooperating, or spending a long, exhausting day flying with young children. Unfortunately, there are examples where airline employees make an already stressful situation even more unpleasant, and, in some cases, impossible. And those situations need to be singled out, addressed, and talked about how they will be solved in the future.

There are also daily instances where flight attendants take action on their own to improve the flying experience, go above and beyond, as well as gate attendants and pilots. These incidents—these situations need to be recognized. But the recent upsetting incidents were absolutely avoidable. Airlines need to clearly communicate their policies, and use good, old-fashioned, common sense when applying those policies, especially during difficult situations.

Today we will hear what actions airlines are taking to ensure that passengers receive the best customer service possible, and I look forward to a productive discussion.

I would like to hear what the airlines are doing to uphold their commitments to the passengers, and ensure that the paying customers are treated in a fair and respectful manner. It is this committee's responsibility to make sure that airlines follow through on these commitments, and we will continue our oversight efforts to ensure that positive changes made as a result to recent customer service debacles are not just a temporary response to the media spotlight.

I want to thank the witnesses for attending today, and look forward to hearing the testimony. I yield back.

Mr. SHUSTER. I thank the gentleman. I would now like to recognize subcommittee ranking member Mr. Larsen for an opening statement for 5 minutes.

Mr. LARSEN. Thank you, Chairman Shuster, for holding today's hearing. I don't want to belabor all the points, just a few of them, so I will be brief. But I do want to note, Mr. Munoz, I want to make clear to you and all the other airlines at the table and those who are not here: What happened on United Express 3411 cannot happen again.

We are here to discuss what went wrong, and how such a scenario can be prevented from happening again. The incident that took place on April 9th was a result of United Airlines policy failures, failures your company took steps to recognize last week. But in truth, these problems generally are not specific to United. Several of the airlines represented here today have recognized room for improvements in their own bookings, overbooking, and other policies, and have announced changes in the recent weeks.

I am hopeful these changes result in an enhanced focus on the paying customer, going forward, and better training and empowerment of front-line employees who must apply the changes in their interactions with passengers.

In that same spirit, this morning Ranking Member DeFazio and I requested that GAO dive deeper into consumer protections for airline passengers. Understanding current protections and then identifying any gaps will be critical as we develop meaningful improvements in consumer protections for the flying public.

Earlier this year, Ranking Member DeFazio and I introduced legislation to address two surefire ways that ruin someone's flight: un-

expected fees and lengthy delays. The Know Before You Fly Act would ensure that airlines remain transparent when it comes to baggage fees, and would require airlines to inform passengers at the time of ticket purchase what they will and will not do for passengers in the event of a widespread computer network failure.

I would also like to note that consumer protection means that we must recognize the importance of improving air travel for persons with disabilities. I was pleased that last year's short-term Federal Aviation Administration extension bill included my provision requiring the DOT to move forward with a long-delayed rulemaking updating the standards for airplane lavatory access for passengers with disabilities.

We all must continue to advocate for the rights and protections like these for all travelers. So, to you, they may be your customers. To us, they are constituents, deserving of the oversight and questions that we will ask today.

So, with that, I look forward to today's panel, and to the forthcoming GAO report, and I yield the remainder of my time so we can proceed with this hearing, Mr. Chairman. Thank you.

Mr. SHUSTER. I thank the gentleman. Again, I would like to welcome our panel of witnesses.

Mr. Oscar Munoz, who is the chief executive officer of United Airlines, he is accompanied by Mr. Scott Kirby, the president of United Airlines.

Mr. Joseph Sprague, who is a senior vice president of external relations for Alaska Airlines.

Mr. Bob Jordan, executive vice president and chief commercial officer for Southwest Airlines.

Ms. Kerry Philipovitch, senior vice president of customer experience for American Airlines.

And Mr. William J. McGee, aviation consultant for Consumers Union.

I look forward to hearing your testimony and to working with you in the coming months, and I ask unanimous consent that all our witnesses' full statements be included into the record.

Without objection, so ordered.

Since your written testimony has been made part of the record, the committee would request you limit your oral testimony to 5 minutes.

And with that, Mr. Munoz, you may proceed.

Microphone.

TESTIMONY OF OSCAR MUNOZ, CHIEF EXECUTIVE OFFICER, UNITED AIRLINES, ACCOMPANIED BY SCOTT KIRBY, PRESIDENT, UNITED AIRLINES; JOSEPH SPRAGUE, SENIOR VICE PRESIDENT OF EXTERNAL RELATIONS, ALASKA AIRLINES; BOB JORDAN, EXECUTIVE VICE PRESIDENT AND CHIEF COMMERCIAL OFFICER, SOUTHWEST AIRLINES; KERRY F. PHIPOVITCH, SENIOR VICE PRESIDENT OF CUSTOMER EXPERIENCE, AMERICAN AIRLINES; AND WILLIAM J. MCGEE, AVIATION CONSULTANT, CONSUMERS UNION

Mr. MUNOZ. Thank you, Chairman Shuster and Ranking Member—

Mr. SHUSTER. And you might want to pull it a little closer to you.

Mr. MUNOZ. Thank you, sir. Better? Thank you. And Ranking Member DeFazio, thank you, as well, and all members of the committee. We thank you for the opportunity to address the committee on this, an equally important matter to us.

As you said, my name is Oscar Munoz. I am the CEO of United Airlines. And with me is our president, Scott Kirby.

The reason I am sitting here today—

Mr. SHUSTER. Could you pull that mic a little bit closer to you? Will it move? The whole thing should move. Thank you. Thank you very much.

Mr. MUNOZ. Thanks. The reason I am sitting here today is because on April 9th we had a serious breach of public trust. I would like to again apologize to Dr. Dao, to his family, to every person on that flight, 3411, and, of course, to all our customers and employees worldwide.

Further, I am personally sorry for the fact that my immediate response and the response of our airline was inadequate to that moment. No customer, no individual should ever be treated the way Mr. Dao was, ever. And we understand that.

For the last 3 weeks, I have spent, literally, every single day thinking about how we got to this point, what chain of events culminates in the injury of a customer and the loss of trust in so many more. And so, last week, on April 27th, we delivered on our promise to release an analysis of sorts about what happened, where we fell short, and the actions we need to take to change the customer experience at United, as all of you have so wonderfully articulated.

From our perspective, there were four—there were many failures, but there were four main failures that we outlined in this report.

First, we called on law enforcement when a safety or security issue did not exist. That should never happen, period.

Second we rebooked crew at the very last minute. We created a situation at our own doing that we should have never done.

And third, we didn't offer enough compensation, or enough incentive, or any options for those customers to give up a seat. And, therefore, and perhaps the largest failure, our employees did not have the authority to do what was right, or to use, frankly, their common sense, as some of you outlined. And in that moment, for our customers and our company, we failed.

And so, as CEO, at the end of the day that is on me. And this has to be a turning point for the 87,000 people and professionals here at United. And it is my mission to make sure that we make the changes needed to provide our customers with the highest levels of service, of course, that you come to expect—reliability, but also, a deep sense of respect and trust and dignity.

Our report announced several immediate and some long-term changes that will, at first, completely prevent an issue like this from ever happening again, and, second, improve the overall United experience, not just today, but into the future.

For example, unless safety or security is an issue, we will never again ask a customer to give up their seat, once they are on board. Simple common sense. Or, ask law enforcement to remove a customer from a flight.

Second, we have already taken, as we constantly do, a relook and a reevaluation of our overbooking policies. Although that wasn't a factor necessarily in this case, it is something that we chose to re-evaluate. And so we have reduced it.

And, if faced with an overbook situation, which will indeed occur in certain instances for many, many factors, we will identify volunteers earlier, when we can, and, more importantly, offer incentives up to \$10,000. Because, again, common sense says that you can't stop at a number. If no one is moving in their seat, you have to give them something more. And, even more importantly, offer them options for travel on top of that. And that is the combination of things that we do.

And, of course, we are not going to move our own crew, our own folks around, unless—schedule those 60 minutes before departure, so we don't have the same situation that happened.

And then, as an additional policy review that really had nothing to do with a particular incident, we have eliminated the redtape around permanently lost bags, by instituting a no-questions-asked, \$1,500 reimbursement for permanently lost luggage.

And later this year we will roll out a new app on our phones that will give front-line employees the ability to compensate customers proactively when service disruptions occur.

If we break it, it is incumbent upon us to fix it. And that is the intent of the work that we are doing.

So these changes are just a start, we understand that. I also know we need to do a better job of solving problems in the moment, and making travel smoother and easier for our customers when challenges arise. And challenges often arise, some beyond our control, some well within our control. But it is incumbent upon us to solve those as best as possible.

When I became CEO 18 months ago, I promised we would make United the best airline, not only for our customers to fly, but for our employees to work with. I said it because I believe in this company, a company that has been in business since the earliest days of aviation. That is almost a century of flying.

In fact, at this very moment there are 600 to 700 United planes in the air, carrying hundreds of thousands of people all over the world. And before the day is done, we will take off and land almost 4,500 times. And by the end of this year, we will carry 86 million people to 53 countries around the globe.

It has become routine to be in Washington today and in China tomorrow. Our United team, along with many of us in the industry, have truly made that extraordinary feat of moving around the world, we have made it ordinary and routine. And we had a horrible failure 3 weeks ago. It is not who we are, it is not this company. And, frankly, it is not this industry. It is the—we have many, many successes. And it is important to note that too.

But we are here to discuss certain issues that won't happen again. So we will work incredibly hard to re-earn not your business, necessarily, but your trust, because that is the most important thing that we have for our customers all around the world.

And more importantly, as we have proven over the course of the last week, our actions will speak definitely louder than our words. We will do better.

And so, I thank you. And Scott and I look forward to answering any questions you may have. Thank you, sir.

Mr. SHUSTER. Thank you, Mr. Munoz.

Mr. Sprague?

Mr. SPRAGUE. Good morning, Chairman Shuster, Ranking Member DeFazio, Chairman LoBiondo, Ranking Member Larsen, and members of the committee. My name is Joe Sprague, and I am senior vice president of external relations for Alaska Airlines.

Alaska Airlines is the fifth largest U.S. airline. We have a workforce of 19,000 employees, 280 aircraft, and 1,200 daily departures. While we have grown considerably over the last 10 years, we are still small, by airline standards. The four largest airlines represent 85 percent of the U.S. domestic capacity, while Alaska is just 7 percent. We fill a niche role in the industry. While we are an 85-year-old company, we have a low-cost, low-fare business model, yet offer a premium service product to our guests.

We know this hearing is driven by a desire to explore U.S. airline customer service policies in light of certain recent incidents. This has been a tough few weeks for the airline industry, and the team at Alaska acknowledges our colleagues at United and other airlines for their policy changes and other efforts to quickly respond to these situations.

For our part, Alaska is actively reviewing sensitive customer policies, such as overbooking, and it is our intention to further improve the experience for our guests.

Alaska's relative small size requires us to have a laser-like focus on customer service, as we compete every day for each of our guests. Our stated purpose is creating an airline people love, which we view as an ongoing process of improvement. We are continuously implementing service enhancements to improve our guests' in-flight experience, including the recent launching of premium class, the enhancing of in-flight entertainment and conductivity options, and upgrading our food and beverage service.

However, it is the caring service our people deliver that is key to us winning guests, along with any accolades we may receive. And our formal company value of being kind-hearted serves as an important guide. We have been humbled to receive recognition for our customer service, including receiving the J.D. Power award for highest in customer satisfaction for 9 years in a row, as well as just recently earning the number one ranking in the annual airline quality rating.

While we are proud of these accomplishments, we know the strong competition we face every day from our fellow U.S. airlines requires us to constantly up our game. The airline business is not only highly competitive, but also extremely complex. This means comprehensive policies and procedures are necessary.

At Alaska Airlines, we also have a focus on empowering our employees to use their judgment to make exceptions to policies and procedures to ensure our guests have the most positive experience possible. Our smaller size gives us the ability to be somewhat nimble in this area.

All of Alaska's customer-facing employees, over 8,500 of them, have attended a day-and-a-half-long training session called Beyond Service, which is specifically designed to give them the tools they

need to execute on our high-service standards. This training is refreshed annually, and incorporated into new-hire training courses.

In addition, all our customer-facing employees are given what we call an empowerment toolkit, enabling them to provide additional compensation, including miles or discounts, on the spot to resolve customer service issues. Our airport customer service agents have recently been outfitted with mobile devices to better assist customers, and our empowerment toolkit is a key app on these devices.

One area where sound policies and good judgment is certainly needed is in the denied board environment. At Alaska Airlines, denied boarding events are very rare. In 2016, only .4 guests per 10,000 boarded were faced with an involuntary denied boarding, a rate of just .004 percent. While this positions us as one of the better performers in this area, we believe even this is too high. We are actively looking at our policies to see what we can do to bring this number down further.

For example, in a denied board situation, we are updating our policies to make it explicit that our customer service agents are empowered to do the right thing for our guests, including having discretion over compensation, with the overriding goal to provide the incentives needed so as not to adversely impact our guests.

At Alaska Airlines, we view the airline business as fundamentally a people business. If we have angry customers, no one wins. This is not to say that mistakes and anomalies do not sometimes arise, and every airline is vulnerable to that, including us. But it has been our experience that such mistakes become lessons that carriers use to improve and, where necessary, implement changes to policies and procedures affecting customers. I believe this is on display with the airlines represented here today.

Thank you for the opportunity to present Alaska Airlines' views, and I would be pleased to answer any questions the committee may have.

Mr. SHUSTER. Thank you very much, Mr. Sprague.

And, Mr. Jordan, you may proceed.

Mr. JORDAN. Thank you. And good morning, Chairman Shuster, Congressman DeFazio, and the other members of the committee. My name is Bob Jordan. I am the chief commercial officer at Southwest Airlines, and I have been there nearly 30 years. A lot of that time I have had the chance to work on the customer experience, so hopefully I can be helpful today.

You all know the history of Southwest Airlines. We started in 1971, serving the Texas Triangle: Dallas, Houston, and San Antonio. And we have grown to be the largest domestic carrier in the U.S. today, serving over 120 million customers a year. We have about 54,000 Southwest Warriors. We have an unblemished history with our employees, which is a 46-year record of no furloughs, no layoffs. And I think what I am actually most proud of is that we have, for 43 years, provided profit-sharing for our employees, which includes a \$586 million profit-sharing payment to our employees here in this past year.

One of the basic principles of Southwest Airlines comes from our founder, Herb, who many of you know. And it is pretty simple. It is if you treat your employees right, they will, in turn, treat your

customers right. It is also important to know that, while this hearing is about customer service, our employees, particularly at the airports, have very tough jobs. And they are critical, not just to providing customer service, but to providing a safe and reliable operation every single day.

Another key principle at Southwest is our purpose statement, which is pretty basic, as well. It is to connect people to what is important in their lives through friendly, reliable, and low-cost air travel. And we have invested in that a lot in the last couple of years, and I think made improvements. And one of those big investments is a very intense program around hospitality, and training our employees on hospitality, and generally, just how to be more civil with each other, and how to be more civil with our customers.

But at the same time, I appreciate the fact that our company is not perfect, and we make mistakes. There is always room for improvement. And, as Herb likes to say—and a lot of you know Herb—please never rest on your laurels. Because, if you do, you will simply get a thorn up your ass.

So, with that in mind, and with the need to constantly make improvements, we have announced that, beginning May 8th, Southwest will no longer overbook flights. That decision is the result of a bunch of factors. Some of those are unique to Southwest Airlines. And I will just tell you what those are very quickly.

First, compared to others, we have historically had a comparably high no-show rate. That is really because we have very flexible policies. We allow customers to change their flights, cancel their flights without a fee. And so you have more no-shows. That no-show rate has come down considerably over the years, though, as we have had better improvements in technology.

And then, second, we made a change where we simply asked customers who are not going to travel to please call and cancel that flight before they board the aircraft. They can cancel as late as boarding, and then they receive the ability just to reuse those funds without any kind of change or fee.

Second, we are conducting a major upgrade to our reservation system, which is the largest system that any carrier uses. And the final components to that go into place on May the 9th. It is, by far, the most ambitious technical project we have ever undertaken at Southwest Airlines. And the implementation of that new reservation system gives us better data and better forecasting techniques, so we can predict better who is going to show up for a flight.

And finally, I will be honest. While we have been looking at this issue for many years, the recent events related to overbooking did cause us to stop and pause and take a look at this again. It just gave us another reason to review, and another reason to go ahead and move forward with this change today.

And, simply put, discontinuing the practice of overbooking is completely consistent with our other customer-friendly policies like bags fly free, no change fees, no cancel fees, points that never expire, award seats on every single flight, every single day, so that we think that it fits perfectly with our brand.

Now, it is important to note that we will still have oversells on a very small number of flights on occasion for operational reasons.

Weather, you have weight and balance restrictions, we may have downgrades, or an aircraft that was 175 seats, gets downgraded to an aircraft that is 143 seats. But we expect those to be very rare. And again, we will no longer overbook as part of the selling process.

And, most importantly to note, I expect our denied boardings to go down by 80 percent as a result of this policy change. And, to date, denied boardings are very small. About .01 percent of every passenger that flies Southwest Airlines is affected by a denied boarding. And again, I expect that number to go down by 80 percent as a result of that policy change.

So, in conclusion, I wanted to thank you for inviting us here today. And I would be happy to take questions, as well.

So thank you so much.

Mr. SHUSTER. Thank you very much, Mr. Jordan.

With that, Ms. Philipovitch, you may proceed.

Ms. PHILPOVITCH. Good morning, Chairman Shuster, Ranking Member DeFazio, and distinguished members of the committee. My name is Kerry Philipovitch, and I am senior vice president of customer experience at American Airlines. Thank you for inviting me to talk with you today about American Airlines' focus on improving customer service.

American Airlines is a global airline operating nearly 7,000 daily flights to 350 destinations in 50 countries. Our mission is to validate the trust placed in us by our customers, team members, and other stakeholders.

There is no question that travel can be stressful, and disruptions will occur. When they do, we first deliver a resolution to our customers. We commit to finding the root cause, and we incorporate those learnings quickly. It is this process that leads to continuous improvement at American Airlines.

We work in a business that relies on people serving people. And, with 120,000 team members who are spread around the globe, it will be difficult to avoid inconsistencies and occasionally falling short.

On April 21st, an incident occurred on an American Airlines flight from San Francisco to Dallas-Fort Worth that involved one of our team members and a customer traveling with small children. Clearly, what happened was wrong, and we promptly apologized to the customers involved. Our immediate focus was on ensuring our customer and her children were cared for during the remainder of their trip. We issued a prompt public apology, and reinforced that this incident did not reflect the values of our company and team members, or how we care for our customers. We removed the team member in question from service to further investigate the situation.

Situations like this are an outlier, but it is important for American to take responsibility when we don't handle things well, and we accept that responsibility completely.

Recent incidents have been interpreted by some as evidence that customer service is broken in the airline industry. There is no question that we can do better, but we are making progress. Overall, airline customer satisfaction increased in 2016, reaching an all-time high in the J.D. Power airline ratings, and tying the record

in the 2016 American customer satisfaction index travel report. In fact, industry ratings in both reports have improved each year since 2012.

On the other side of decades of turmoil, we have been hard at work to enhance our customers' experience, and we are seeing the results of our front-line team members' hard work to improve the reliability of our operation. American delivered our best-ever performance this year for mainland flights departing on time, arriving on time, and our lowest rates of mishandled baggage. Running a reliable operation is the foundation for delivering the experience that our customers deserve.

Today the U.S. airline industry is stable, the safest in the world, reliable, competitive, and, most importantly, widely accessible. This is an intensely competitive industry, with carriers offering different prices, products, and service. This competition is good for consumers. Adjusted for inflation, the average cost of an airline ticket has decreased by more than 24 percent since 1995.

At the same time, we are also making significant investments to improve customer experience. At American, we take delivery of a new aircraft, on average, every 4 days. We are devoting nearly \$3 billion in investing to make the travel experience more comfortable and more convenient. And we have \$17 billion in capital improvement projects underway at multiple airports in which we operate. This includes a new regional terminal here, at Washington Reagan National Airport, so we can, once and for all, retire the dreaded gate 35X.

[Applause.]

MS. PHILPOVITCH. Other events have drawn concern about customer impacts from overbooking flights. Given the frequency with which travelers adjust their plans, overbooking avoids empty seats in a congested air traffic system, allowing more people to fly, and greater availability of lower fares. An oversale situation occurs when more confirmed passengers arrive at the gate than the number of seats on the aircraft. More than 50 percent of oversales are driven not by overbooking, but by operational and safety factors, like equipment swaps, weather-driven weight restrictions, and accommodating Federal air marshals.

In light of recent events, American has added the following initiatives to our efforts to improve customer experience.

First, we committed that we will not involuntarily remove a customer who has already boarded the aircraft to accommodate another passenger.

Second, we have increased the number of employees who monitor oversales and work to solicit volunteers prior to customers arriving at the airport. New procedures are already showing a reduction to the previous low numbers of involuntary denied boardings, as we work to bring that number closer to zero.

Third, there is now a dedicated hotline into our day-of-departure support desk, so our gate agents can offer the compensation necessary to entice customers to volunteer. We have not established an upper limit on what we will pay to solicit volunteers, but have entrusted our team to make the best decisions to serve our customers.

Lastly, we are adding training for our customer-facing team members to strengthen their abilities to avoid and de-escalate contentious situations in real time.

This is a time of great optimism at American Airlines and for air travel in our country. American is committed to validating the trust our customers, team members, and stakeholders place in us each day. We look forward to our continued work together to make this economic engine of our country all that it can be, so Americans everywhere have the choice to travel affordably, safely, and comfortably.

I appreciate the chance to be here, and I am pleased to answer any questions you have.

Mr. SHUSTER. Thank you very much.

And with that, Mr. McGee, you may proceed.

Mr. MCGEE. Good morning, Chairman Shuster, Ranking Member DeFazio, Chairman LoBiondo, and Ranking Member Larsen, and all committee members. On behalf of Consumers Union, the policy arm of Consumer Reports, thank you for the opportunity to speak today regarding the concerns of millions of American air travelers.

The abusive treatment of Dr. David Dao on board United Express last month shocked us all, and exemplified that consumers are at the mercy of powerful airlines in an ever more concentrated industry.

American consumers are very much aware that Dr. Dao's fate could all too easily have been their own. This incident, and other recent media reports, has regvanized Congress, and we applaud this committee for calling this hearing.

The major airlines may boast of investing millions into their operations, but a closer examination reveals those investments often focus on amenities and perks for the few who can afford to pay more to fly in premium classes, while the overwhelming bulk of passengers in economy are subjected to packed cabins, tight seats, new and higher add-on fees, and, all too often, an utter lack of respect.

We hope the committee will take this opportunity not only to address overbooking and denied boarding, but to take a broader look at the one-sided contracts of carriage that give all rights to airlines, and precious few rights to passengers.

Dr. Dao's mistreatment highlights one aspect of passenger rights that is badly in need of reining in: airlines overbooking flights, and then not having seats for all passengers who bought tickets. This practice is a throw-back to the 1950s, when passengers could make multiple alternative bookings without penalty. But since deregulation in 1978, four key factors have emerged.

One, no-show passengers today are penalized, either with high fees or the forfeiture of their tickets.

Two, state-of-the-art yield management systems allow airlines to closely manage selling all available seats.

Three, the demise of once-ubiquitous interline agreements that allowed bumped passengers to be accommodated on rival carriers.

And four, record-high passenger loads, historically in the 50 to 60 percentile range, now average in the low 80s, and regularly reach 100 percent.

We are not aware of other industries in America where the business is given this kind of free license to oversell the product, with so little accountability for failing to deliver. Last year, domestic carriers bumped 40,629 passengers against their will. Airline executives may tell you this is a small percentage, but they were bumped without explanation, based on criteria known only to the airline, and missed family events, business meetings, vacations.

United and other carriers announced changes to their policies, but we believe that all denied boardings should truly be voluntary. The airline should pay whatever compensation is necessary to convince a passenger to willingly give up a seat for any reason.

Airline industry consolidation, and most particularly the mega-mergers since 2008 of Delta-Northwest, United-Continental, and American-US Airways, has hurt consumers and entire communities. The harmful effects of this consolidation have come home to roost in numerous ways. A lack of competition and consumer choice allows carriers to disregard the interests and concerns of their passengers in ways that would have been unthinkable when there were 12 or 10 or even 8 major airlines in the United States.

Compounding the harmful effects of industry concentration, passenger protections are further compromised because the Airline Deregulation Act preempted State consumer protection laws. The intent was to keep States from reimposing economic regulation. But consumers do not have the right of action to sue, and courts cited the Federal preemption clause in striking down New York State's 2007 airline passenger bill of rights.

It has also become more difficult for consumers to determine the true cost of flying. Basic services, such as checking baggage, selecting seats, changing flight reservations, even carrying on a small bag, in some cases, are subject to higher and higher fees. This means it is no longer possible to make accurate, apples-to-apples comparisons to previous airfares.

We are calling for a consistent, uniform, comprehensive, clearly written set of passenger rights for U.S. airlines. What we cannot do is continue to leave it to the airlines to decide what rights they will confer in their contracts of carriage, which, as Consumer Reports has documented over the years, are lengthy, filled with legal jargon, and where the priority is to protect the airline, not its passengers, and is subject to change whenever it suits the airline.

Here is an example taken from Delta's contract of carriage: "Delta's published schedules are not guaranteed, and form no part of this contract. Delta may substitute alternate carriers or aircraft, delay or cancel flights, change seat assignments, and alter or omit stopping places shown on the ticket at any time. Schedules are subject to change without notice."

And here are some of the passenger protections we endorse: clear and consistent guidelines for compensation for flight delays of varying length; clear and consistent guidelines for compensation for flight cancellations; clear and consistent guidelines for mishandled baggage; clear and consistent guidelines for compensation for voluntary relinquishment of a ticketed seat, and a clear prohibition on involuntary relinquishment.

Complete airfare transparency, including all taxes and surcharges, and all possible ancillary fees from the airlines, equally

available in all booking channels, online and offline, whether offered directly by the airlines themselves, or offered through third parties.

Enforcement of minimum seat standards, to ensure reasonable passenger comfort. Address health concerns, including the risk of deep vein thrombosis. And promote safety, including adequate space for effective evacuation.

Much has happened in the nearly four decades since passage of the Airline Deregulation Act. But some of the key promises of deregulation, especially enhanced competition and improved customer experience, have not been realized. These disturbing incidents of passenger mistreatment have made clear we need to start a conversation immediately.

I will be happy to answer any questions you may have. Thank you very much.

Mr. SHUSTER. Thank you, Mr. McGee. Now we will proceed to questioning.

Members will have 5 minutes to ask their questions, and we will stay pretty close—not pretty close; we will stay very close to the 5-minute timeframe on the questioning. So I would ask all of our Members to respect that, and watch the clock. And I will begin by questioning.

I truly believe that what happened over these past couple of incidents deals with empowering the employees. And I look at everything through the prism of 20 years in business, myself. And many times situations would occur. My employees, hopefully, with the proper training, the proper policies in place, they would make the right decision. But occasionally they didn't, but we always stood by those decisions, and making sure that the customer was taken first was always paramount.

And as I said, I believe that to empower your employees, you have to have clear policies in place, so they understand what is expected. And they have to be trained, trained so that they can develop the judgment.

So, I am interested in hearing from Mr. Munoz and from Ms. Philipovitch, since—two situations that occurred most recently—what are you doing to make sure that your employees are empowered, specifically?

Mr. Munoz, why don't you start?

Mr. MUNOZ. Sure. Our curriculum for customer service and training and dealing with de-escalation issues is something we have to strengthen. I think we do it when you are first hired, but we don't do it on a recurring basis. So there is lots to learn from some of the other folks at this table.

Specifically on the empowerment angle is, beyond the empowerment at the point of a situation like we were faced with on April 9th, I think it is incumbent on us to put policies and practices and protocols that inhibit or prohibit us ever getting into a situation like that. It is an impossible situation, when you put folks in that kind of state. And no rules, no empowerment, no training can deal with that.

So it is important to go back in the chain, which is the policies that we have implemented, to say we are not going to de-board someone if they have already been—we are not going to allow law

enforcement—we are going to reduce overbooking, although that wasn't a factor in this particular case.

So, for us, there is training and curriculum. We will continue to do that and learn from others at this table. But, most importantly, it is important to—you know, it is the start of the chain, you know, just not create these impossible situations for people that there is no out.

Mr. SHUSTER. Ms. Philipovitch?

Ms. PHILIPOVITCH. Yes. I would agree with Mr. Munoz. And we know that it is the responsibility of airline leadership to make sure that our employees have the proper tools, training, resources, and support to deliver the kind of customer service that they are so good at doing, and that they want to do every day.

We recently launched a service training initiative for front-line team members called Elevate the Everyday Experience. It is a 2-day program. And, by this summer, over 40,000 of our team members will have completed the cross-functional experiential learning course that we are very excited about.

In light of recent events, and also based on feedback from our employees, we are working to enhance that curriculum to further support our employees with training on de-escalating complicated situations, and to provide kind of interim training between those sessions, as well. So we are looking forward to that and, again, want to make sure our employees have the support and the tools that they need.

Mr. SHUSTER. Well, thank you. Second question, it is on overbooking. I think I basically understand the overbooking situation, but I know there are refundable and nonrefundable tickets. And it has been my experience in business, if somebody buys a product and it is—they paid for it, they get it.

So can you explain to me the difference how refundable and non-refundable customers are treated when it comes to not putting them on a flight, refunding their dollars, those kinds of things?

Mr. Munoz, if you would.

Mr. MUNOZ. Sure. There are many practices and procedures. And one of the reasons Mr. Kirby is with me today, he has been in this industry for 20 years, and is widely recognized as an expert in this field. And I thought this committee deserved a more exacting knowledge base.

And so, if I could—

Mr. SHUSTER. Sure, absolutely.

Mr. KIRBY. Thank you, Chairman Shuster. As we have talked about, the incident on United was not driven by overbooking, but overbooking is much in the news about this. And it is important to understand that most of our oversale situations are driven by operational restrictions, the largest being weight restrictions because of weather.

So, for example, when you are at an airport and there is snow or ice, or even wind and weather, at either the departure or arrival airport, we are often not able to take a full load of customers and meet our safety parameters. And in those situations, we will have to deplane 20, 30 people, sometimes, because the aircraft simply can't operate safely. That is the vast majority of our oversale situations.

As to overbooking, we also use it to actually take care of thousands of customers who we otherwise couldn't accommodate. Just this past weekend we had an incident in Mumbai, where an engine went out of service on landing, and we were going to have to replace the engine, which takes a while in India, to get the engine replaced. So we had to cancel the return flight.

We reaccommodated a couple of hundred customers on other airlines. But because there were so many, we had customers still to deal with. We overbooked the following day's flight by 48 customers, because that was the only seats that we had. Otherwise, we were telling those customers we couldn't get them home for 5 days. We were able to accommodate 25 customers the next day, and the other 23 we were able to voluntarily give them compensation to take a flight the next day.

But it is an example where overbooking actually helped us take care of our customers. And at United, the vast majority of our involuntary denied boardings are driven by these operational restrictions, as opposed to overbooking. And we view overbooking, if we are particularly in situations where we can incentivize a customer to take an alternative flight, as a win-win for both the airline and for those customers.

And 96 percent of the situations where we have overbooking, we are able to get the customers to be volunteers. And in today's world, where we have increased the compensation limit to \$10,000, we are hoping to drive that down to, essentially, zero. So we view overbooking as something that actually helps us accommodate and take care of thousands more customers than we would otherwise be able to.

Mr. SHUSTER. I thank you very much, Mr. Kirby. I have exceeded my time, I am going to stay on message of the 5 minutes, but I wish you could in writing explain to me the refundable, nonrefundable tickets, and what the difference is in writing. That would be fine.

Mr. KIRBY. Yes, sir. We will.

Mr. SHUSTER. With that, I recognize Mr. DeFazio for 5 minutes.

Mr. DEFAZIO. Thank you, Mr. Chairman. I will try and do this very quickly. We don't have much time.

First, to United, American, and Alaska, how much does it cost you to change someone's booking? Give me a number. I mean you are charging people \$200, \$300 to change a ticket. What is your real cost? And it seems like it really shouldn't—you are really inefficient, if it costs that much.

Mr. KIRBY. Well, sir, the cost is not about the actual changing the ticket. I don't know what the actual changing of the ticket costs.

Mr. DEFAZIO. OK. So then it is about being very profitable. I would observe that United got \$800 million in change fees last year, \$800 million. That is a lot of money.

Mr. KIRBY. Sir, the—

Mr. DEFAZIO. And there is no real cost? I mean I realize—you said—and let's go back to—well, first, how about—can you answer? Southwest does not do this, so can American answer? How much does it cost to change someone's ticket?

Ms. PHILPOVITCH. I would agree with Mr. Kirby. The cost is not about the processing—

Mr. DEFAZIO. Right, it is for your operational concerns so you can get—

Ms. PHILPOVITCH [continuing]. It is about holding it in inventory—

Mr. DEFAZIO [continuing]. So you can get the planes absolutely full, or sell more than 100 percent of the seats.

OK, let's go to overbooking. On overbooking—now, Southwest, are you going to go broke, or something? I mean you are not going to overbook anymore? How can you do that? Quick answer.

Mr. JORDAN. We are not going to go broke, I promise you that.

Mr. DEFAZIO. OK.

Mr. JORDAN. So what happened, it is really basic. There are a couple of reasons that cause you the need to overbook. We have no-shows.

Mr. DEFAZIO. Right.

Mr. JORDAN. The no-shows at Southwest have come down materially over the years as we have had better technology.

Mr. DEFAZIO. Right, sure.

Mr. JORDAN. We actually have more no-shows than most, because we have very flexible rules, no change fees, no cancel fees—

Mr. DEFAZIO. OK, OK.

Mr. JORDAN. So those have come down.

And then, second, we have just improved our technology to really understand who is going to show at the aircraft.

And then, third, we did implement a pretty modest change, which is allowing—

Mr. DEFAZIO. OK, I have only got 5 minutes.

Mr. JORDAN. OK—

Mr. DEFAZIO. So I got it.

OK, Mr. McGee, do you want to comment on the practice of overbooking? You said it was 1950s, 1960s, because in those days you didn't get charged—you weren't making \$800 million on change fees.

Mr. MCGEE. Exactly. At that time it was a burden for airlines, because business travelers, in particular, used to book five flights at once, and get one of them. And then those seats went empty. But for all the reasons that I detailed, which I don't want to repeat for time's sake, it is clear that that time has passed. And all of the language in the contracts, as I stated, favor the airlines here.

If you are delayed getting to the airport because your taxi driver had an accident, and you have a nonrefundable ticket, you are out, regardless. There is no provision in the contract that accommodates for your circumstances. But yet there is a long list of accommodations for circumstances for the airline, or what they term "force majeure," acts of God, which, in some cases, are, in fact, not acts of God.

Mr. DEFAZIO. Right. OK, thank you. So, back to Mr. Kirby.

You said that, you know, you talked about how you can use overbooking to help people. How about just a policy that in routine reservations you would never, ever overbook, you would never sell more than 100 percent of the seats for routine, day-to-day booking?

Not to accommodate people because of a change of plane, or something else, but just on a day-to-day basis? Could you do that?

Mr. KIRBY. Well, sir, we—

Mr. DEFAZIO. I mean Southwest is doing that.

Mr. KIRBY. Well, sir, we still think that that helps us accommodate thousands—

Mr. DEFAZIO. Yes, but it also helps you make—you know, get to these load factors and then, of course, you have your change fees.

Let's go to contracts of carriage. How about a simple disclosure? I mean this is United's contract of carriage [holds up a document]. This is just for fares [holds up a document]. And if you look at the print, here [holds up a document], very user-friendly online. Supposed to read this before you buy your ticket.

So how about a—you know, distilled-down, simple-language disclosure? Would any of the airlines agree to do that, post that, make it available to people? I see Mr. Sprague nodding his head.

Mr. SPRAGUE. Yes, we would acknowledge ours is too long. We recently acquired Virgin America Airlines. We found theirs to be much shorter. As part of our integration, we are going to move to a much shorter, and more efficient contract of carriage.

Mr. DEFAZIO. Right, theirs is 20 pages, 8,000 words. Yours was 67,037 words. United was 37,000 words with smaller print on only 46 pages, but I don't think that counts, because it doesn't make it much more user-friendly.

One other question. You know, as we observed, there is a lot of tension. The planes, you are jamming more people in. And yet, you know, is there a question about how many flight attendants there should be on planes, as opposed to the FAA requirement?

Because they are being asked, essentially, to referee and do all sorts of things, and we have got terrorism—I mean everything has changed. But the number of flight attendants hasn't changed, as required by the FAA for—per passenger for 20 years or so. Anybody think that maybe we are overstressing our flight attendants?

Mr. McGee, you want to answer?

Mr. MCGEE. Yes. There has been a lot of talk today about employees, and the term is used, and it has been used multiple times. But I think an important point here is that this is an industry that has massively outsourced so many functions, including functions that interface with the public.

So I am not sure that many passengers are even aware that when they check in, or when they are speaking to a customer service agent—in fact, in many cases they are wearing a uniform of an airline, and they have a name tag from an airline, but they are outsourced. And what this means for passengers is that—and in no way are we denigrating the work of the people looking for jobs, but the fact is they are poorly trained, it is a transient workforce, and the airlines have outsourced just about everything that the FAA will allow in outsourcing. We are not here today to talk about aircraft maintenance, but that is one area that affects safety.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you. Mr. Duncan is recognized for 5 minutes.

Mr. DUNCAN. Thank you, Mr. Chairman. Just yesterday morning at the Knoxville Airport, the plane we were supposed to fly on to

Washington—a wing clipped a baggage truck with—damage that you couldn't even notice, but we spent 3½ hours there. They had trouble getting ahold of the proper person that—the manufacturer is in Brazil. And then they canceled the plane. And it caused me to miss votes last night, and I hate to miss votes.

But I tell you this just to tell you that I have flown so much over the years that I have run into almost every kind of problem that you can think of. Yet I will tell you that we have the best aviation system in the entire world. You know, my dad told me years ago, he said, "Everything looks easy from a distance." But you all have a very tough business. But I think what happens, when people have 99 good flights and 1 bad one, the one they tell everybody about is the 1 bad one.

I am so thankful. I heard on NPR many years ago that the Russian Aeroflot system sometimes had delays as long as 4 days. I mean we get upset with a 40-minute delay. So I appreciate what you do for us.

Let me ask you this, Mr. Munoz. Before this unfortunate incident with Dr. Dao, did your airline ever call law enforcement to remove somebody due to overbooking before that incident?

Mr. MUNOZ. There have been a good amount of occasions where that has happened. It happened without incident.

Mr. DUNCAN. Where you had to call law enforcement due to overbooking?

Mr. MUNOZ. We call law enforcement for safety and security reasons when they happen. There have been occurrences in the past in this year where we have had to ask law enforcement to come in and help and assist.

Mr. DUNCAN. Have any other airlines had law enforcement remove people from their airline, due to overbooking?

[No response.]

Mr. DUNCAN. Have you ever done that, that you know of, Mr. Jordan?

Mr. JORDAN. No, sir, not that I know of. Again, I agree with Oscar. It is primarily in the cases of just safety and security, where you have potentially an intoxicated passenger, an altercation—

Mr. DUNCAN. Well, I mean, if it is a disruptive person with law enforcement, that is a different situation.

Mr. JORDAN. Yes, sir. But in the case of a—

Mr. DUNCAN. I am talking about due to overbooking.

Mr. JORDAN. In the case of an overbooking, not that I know of, sir.

Mr. DUNCAN. We were given statistics. There is something called the Airline Quality Rating that said that involuntarily denied boardings affected 6 passengers per 100,000. And I noticed that Mr. McGee's testimony, he said that it is 40,000, or a little over 40,000 out of the almost 700 million passengers. That comes to 1 for every 17,500, roughly. It seems to me that is a pretty low—that is a pretty impressive figure.

We also were submitted information from another airline that is not here that said that overbooking has been done as one of the many ways that ticket prices are held lower. Is that correct, Mr. Sprague?

Mr. SPRAGUE. Yes, Congressman Duncan, that is correct. In fact, for Alaska Airlines, in 2016 alone, there were 675,000 seats that would not have been available if we did not have an overbooking policy. So those are seats that would not have been available for last-minute business travel purchases, for accommodating guests that might have been disrupted, due to weather or downsized aircraft. And, frankly, having those additional seats available for sale allows us to keep fares low.

Mr. DUNCAN. So more people are able to fly at lower prices because of overbooking.

Mr. SPRAGUE. Yes, sir.

Mr. DUNCAN. Is that true? Would you agree with that, Mr. Kirby?

Mr. KIRBY. Yes, sir.

Mr. DUNCAN. All right. All right. Well, thank you very much.

Mr. SHUSTER. I thank the gentleman. And, with that, Ms. Norton is recognized for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Chairman. I know you must have received messages from a number of us after the first incident about the need for more oversight by this committee of the customer service part of what the airlines do for us, as a Nation.

I want to say to our witnesses you may think you are looking at Members of Congress, but really, you are looking at your customer base. Except for a few of us—perhaps me, chiefly among them, because I represent the people who live in the Nation's Capital—most Members of Congress get on an airplane every single week. They are frequent fliers who conduct weekly monitoring of the airline industry. I can't imagine why we haven't had a hearing like this, based on what my colleagues have to go through.

Now, when it comes to business in the United States, I expect and have seen competition solve most of our problems. But, essentially, you represent four regional monopolies. So you have been able to do anything you want to do: add on fees, basic services that we take for granted. It is as if you have to tip a corporation to get a business to do what they used to do for free, as a courtesy.

So, over time, we do have such hearings as this, and people come up with notions—well, we have to have a passenger bill of rights, or whatever. Mr. DeFazio, our ranking member—in 1987, no less—entered a document that didn't pass. But Ray LaHood, the U.S. Transportation Secretary—because this could be done by the administrative process, as well—indeed was successful in getting through that process. Rules having to do, for example, with lost baggage.

So, what we have here, essentially, are a passenger's bill of rights. Each of you have a contract. We have learned that, you know, you can find out what it is if you go on the website, or if you—you can look at the tens and tens of pages. I want to clarify whether—I believe was the response to Mr. DeFazio. Are each of the airlines here willing to boil down what the customer is entitled to to a one-pager that the passenger could receive, as part of getting on the flight, or could find by going to the website? Could I have answers from each of the airlines?

[No response.]

Ms. NORTON. I only have 5 minutes. Speak up first, Mr. Munoz. Why point to him? Why not begin with you?

Mr. MUNOZ. That is a—it is an excellent question. I don't know that I have the proper answer with regards to a one-page document. I think simplification, clarity—

Ms. NORTON. Mr. Kirby, do you think—since you—that that could happen?

Mr. KIRBY. Ma'am, I am not sure if we could get it to one page, but I certainly think getting a simpler contract of carriage—

Ms. NORTON. Anybody else have people who can write, who can boil this down to one page? Could we go down— Mr. Sprague?

Mr. SPRAGUE. That would be our goal, ma'am.

Ms. NORTON. Sir?

Mr. SPRAGUE. That would be our goal, ma'am.

Mr. JORDAN. Congresswoman, absolutely. We would love to continue to consolidate that.

I would tell you we also have a customer service commitment document, which writes it in much simpler language. We already have that on our website, that describes what Southwest Airlines does. But the goal is to be completely transparent with the customer about what is available to them in any case.

Ms. PHILOPOVITCH. And we at American have been working to simplify our policies to make them clearer on our website for our customers, and we would also like to strive for a more simplified contract of carriage, and we have work underway for that, as well.

Ms. NORTON. Well, we are going to hold you all accountable for that, and see who is best at doing something that you may have learned to do in college, if you had good writing instruction.

Mr. Jordan, do I understand that Southwest Airlines—because this is my favorite way to do things in our country—has found that, using incentives, you can indeed solve problems that are otherwise solved by remedies such as overbooking? Your incentivizing approach, where you say you brought down the number of involuntary denials where boarding does not occur?

Mr. JORDAN. Yes, ma'am. Our goal, again, with this change—and not overbooking as part of the selling process—

Ms. NORTON. What was the incentive that was most important?

Mr. JORDAN. The incentive was to eliminate this problem for our customers, and, to some extent, for our employees.

Ms. NORTON. No, that you gave so that you did not have to overbook.

Mr. JORDAN. Well, the—

Ms. NORTON. To the customer, so you didn't have to overbook.

Mr. JORDAN. Well, actually, it is on the airlines, that we have had better technology, those things that allow us to eliminate this process because of the value to the airline has simply gone down very, very much.

But it would be our incentive to have involuntary denied boardings, in particular, be very, very rare. And it is also our incentive—and we do this every day to make sure that our employees are completely empowered to do what is right, involuntary denied boarding or voluntary denied boarding, to do what is right for our customers in the moment, so that we don't have incidents that we shouldn't.

Mr. SHUSTER. I thank the gentleman. And I would just point out I think these contracts of carriage are far too complicated. And simplifying would be wonderful. But every member on this committee should look at each other and say part of the problem is us. Part of the problem is the overabundance of attorneys in this country that are sue-happy, so a little bit of tort reform may be able to let the industry—not just this industry, but every industry, to simplify what they put out there in contracts.

Because it is—again, I am not going to get into it right now, but I am pretty sure it is driven by the damn lawsuits in this country that go forward. And so we have got to—Congress has to make sure we are simplifying the laws, so that we can get 1-page, 2-page, 10-page documents on these contracts of carriage.

So, with that, I recognize Mr. Crawford.

Mr. CRAWFORD. Thank you, Mr. Chairman. You probably felt the eyes of a lot of attorneys on you at that point in time.

[Laughter.]

Mr. CRAWFORD. Mr. McGee, you touched on this in your testimony—deregulation back in 1978.

I am a limited-government guy. I don't want the Government to get involved to solve problems in a competitive marketplace. But do you or any members on the panel—do you believe Congress should reregulate the airline industry?

Mr. MCGEE. Consumers Union supported deregulation in 1978, long before my time—I was in high school at the time. But we have at no time in the 17 years I have been with Consumers Union recommended reregulation. What we have said is that it is clear that when you leave customer service up to the airlines on many issues over the years—tarmac delays and other things—they do not do what is best for their airlines. Excuse me, for their customers.

And in answer to the congresswoman's question about simple language and one page, actually, it is possible, to an extent, because the model already exists in the European Union. For 12 years, there have been passenger rights easily accessible, easy to read, one page, on the EU's website when you are traveling in the EU—

Mr. CRAWFORD. Let's let some of the other members weigh in on this, just in the limited time that I have.

Ms. PHILIPOVITCH. We work in a very competitive industry, and we know that customer service is essential to retaining our customers. So that is our incentive to do better, and we will.

The DOT today also exercises broad oversight in regulating airlines and protecting consumers, as well.

Mr. CRAWFORD. OK. Mr. Jordan?

Mr. JORDAN. While we are talking about very difficult issues today, generally, the performance of the industry has been very good. On Southwest's sake, our net promoter scores are 11 points better in the last 2 years, our OTP is up 7 points, our bag rates—

Mr. CRAWFORD. So that is a no on—

Mr. JORDAN. Our bag rates are the best that they have been in our history—

Mr. CRAWFORD [continuing]. On reregulation?

Mr. JORDAN. So no. No, sir.

Mr. CRAWFORD. OK.

Mr. SPRAGUE. No, sir. I have been with Alaska Airlines for 17 years. In that entire time, we have been competing hard against the rest of the folks on the——

Mr. CRAWFORD. Sir——

Mr. SPRAGUE [continuing]. Panel here today. And that competition has been our main motivation to improve our customer service.

Mr. CRAWFORD. Mr. Munoz?

Mr. MUNOZ. Agreed with most of those. So the answer for us would be also no.

But my context and perspective is one—is having worked in heavily regulated industries, both in telecom and other transportation models in the railroad space, and having a chance to see this over the last year, I think there is always a delicate balance between the right things, as Mr. McGee writes——

Mr. CRAWFORD. I think that is right. And what we have heard today sort of demonstrates kind of the line we are walking here. And I don't want to jump in to a competitive model and apply re-regulation. But that means that the industry has to do some self-regulation to demonstrate that you don't need interference from Congress.

Mr. MUNOZ. I couldn't agree more. And it is shameful that an event like the one that we had at United has to drive this kind of conversation. But again, it will accelerate and, at least from United's perspective—and you heard from others—this will make us better.

Mr. CRAWFORD. Let me ask you something. This was—Mr. DeFazio touched on this, and it was—I could see that virtually everybody in their chairs was uncomfortable, and the body language was evident this is not a topic anybody wants to talk about, but the change fees. And there is a relationship to overbooking and change fees, is there not?

Mr. KIRBY. Yes, sir. I mean we have change fees, and they are mostly about our way of offering low fares to consumers.

Mr. CRAWFORD. Sure.

Mr. KIRBY. And they are about keeping our fares low. And, as was referenced earlier today, you know, fares have declined 24 percent since—in the last 20 years, in real terms. One of the great things about deregulation and about these kinds of policies—overbooking and change fees—is that we have driven prices lower for consumers, and there are more people traveling in the United States than anywhere in the world.

Mr. CRAWFORD. Ma'am, you—I could tell you had some things you wanted to add when that conversation was taking place. Would you like to expand on that a little bit?

Ms. PHILIPOVITCH. Sure. Thank you, sir. We strive to offer different fare products to meet the needs of varying consumers. And so, some customers will value flexibility and be willing to pay more for an unrestricted ticket, while others really just want the lowest fare. And that is why we sell a nonrefundable product. Even though customers have agreed to a nonrefundable product, the change fee is a way to allow some flexibility if circumstances arise that they didn't anticipate.

Mr. CRAWFORD. This sort of gets back to what we talked about with full disclosure on what you can expect, as the customer. And

all of you all are competing. I love a competitive model, because customer service generally thrives in a competitive environment. But we are not seeing that today. We have seen a sharp decline in the level of customer service that is related to the amount of consolidation that has taken place in the last 10, 12, 15 years. And I think that is probably an experience we have all had at some point in time in our air travels. Is that fair?

Mr. MUNOZ. I will take it. Initially, I have experienced a lot of consolidation in my experiences over the history. And I think the customer has an infinite amount—a greater choice today than they have had in a long period of time.

And Scott, who has been in this industry for 20 years, has been part of many integrations and consolidations, and could probably share insights, as well.

Mr. CRAWFORD. Well, my time has expired, but I appreciate your comments.

Thank you, I yield back.

Mr. SHUSTER. I thank the gentleman. Ms. Johnson is recognized for 5 minutes.

Ms. JOHNSON OF TEXAS. Thank you very much, Mr. Chairman. Let me ask, I guess, in general, but most especially for United.

First of all, it is clear that we have so much air traffic. And the incident on April the 9th involving the forcible removal of a passenger on board a United flight 3411 has brought into question how airlines treat their passengers. And this, really, is not a new issue. In 2016 the Department of Transportation received 12,766 consumer complaints against U.S. airlines. So it is impossible to say how many of these are legitimate, illegitimate, how many other incidences weren't reported.

But I guess what I need to ask first is what were the rules in place to determine who would be removed from the plane?

Mr. MUNOZ. Thank you, ma'am. It was a simple, automatic process that dealt with—without all the complexity—what someone paid, and whether they were enrolled in our Mileage Plus program. It is a difficult choice when we get to that point. All of our policies that we have introduced are to prevent this situation ever from happening, because it is an impossible situation. How do you pick amongst all of you as to who sits where? You have a process for where you sit, and we have a process.

And so, specifically, the policy that we have and continue to have is around the fare that you paid, and whether you are—what level you were in our Mileage Plus program.

Ms. JOHNSON OF TEXAS. So this fare was cheaper than the rest of them. The cheapest, I guess.

Mr. MUNOZ. It was one of the lower fares, yes.

Ms. JOHNSON OF TEXAS. What about the rest of you? Is that the way you determine who to mistreat?

Mr. SPRAGUE. Congresswoman, no. Our—in the case of an involuntary denied boarding, our selection criteria is tied to whether or not the customer had a seat assignment. And if there are multiple customers that have a seat assignment, it would be based on the last customer to check in for the flight.

Mr. JORDAN. Congresswoman, same thing here. Being very egalitarian, it is basically the last person that checked in at the gate,

arrived at the gate, is—and again, our goal is to always not have any involuntary, but to treat all those folks as a voluntary denied boarding if we have to, and deal with that before boarding.

But no, it is in the order of, basically, the check-in at the gate.

Ms. JOHNSON OF TEXAS. So if someone checks in and is given a seat, and someone checks in later who paid more for a seat, they can unseat the person who is seated?

Mr. JORDAN. No, ma'am. In the case, again, of Southwest, the—if the aircraft has 143 seats, for example, and the 144th person, the overbooked, checks in, they do not have a seat. So they would be the first person that we attempt to work with to involuntarily deny board them through compensation.

Ms. JOHNSON OF TEXAS. OK. But I understand this person was seated, had been admitted by a ticket and was seated in a seat. And the person who they were trying to get on did not have to purchase a seat. So how do you make that criteria?

Mr. MUNOZ. It was a mistake of epic proportions in hindsight, clearly, and our policies broke down in that regard.

The situation, specifically, was that a crewmember trying to get to another flight, in essence, to, ironically, in a customer-service-oriented fashion, to try and make sure that that crew arrived at the next aircraft so 150 people could get to their destinations. And it is a horrible calculus to put people in. Do you make the flight for 150, or you inconvenience—seriously inconvenience 2 or 3 on the current flight?

And so, one of the policy changes we introduced last week is that, once you sit on our aircraft, and you are on a seat, other than for safety or security reasons, we will not take you off that flight.

Ms. JOHNSON OF TEXAS. OK. Now, I understand there were four seats needed, three had been given. If that one person had not arrived at the next spot, would that have stopped that airline from taking off?

Mr. MUNOZ. Yes, ma'am. There is a certain level of in-flight and flight ops crews that we have to have on an aircraft. And it would not have left. And we did try to find alternative aspects with regards to getting a different flight crew in there, but this is a fairly well orchestrated process throughout the world to get 700 flights in the air on any given moment.

And so, flight crews are not readily available in all our different locations. So we did try to look at that process, but—

Ms. JOHNSON OF TEXAS. So you have two groups of rules to look at. Is there—did you address the rule of what happens if a person—I am sorry, my time is out, but let me just finish this question for you to think about. If that person had not gotten to the next flight that you were trying to get there, what is the alternative if that person couldn't get there, with three already—

Mr. MUNOZ. Sure, and we have a policy that we built in. I am happy to follow up with you.

Ms. JOHNSON OF TEXAS. Thank you, Mr. Chairman.

Mr. SHUSTER. I thank the gentlelady. With that, I recognize Mr. Hunter for 5 minutes for questions.

Mr. HUNTER. Thank you, Mr. Chairman.

First, to all of you, thank you for being here. I fly from San Diego. So I have got one of the longest flights, and I fly back every week, because I have kids.

So I guess my first question I was going to ask only slightly in jest is why do you hate the American people, but I am not going to ask that. I was going to ask how much you hate the American people. I am not going to ask that, either. What I have heard a lot of you talk about is competition. Explain that to me, because I think that is a joke. It is an absolute joke that there is competition within the airline industry.

If you just look at San Diego, it is United Airlines. I have no other options, unless I want to fly to San Francisco or L.A. or Texas or Chicago. There is only one straight shot to another United-owned hub, Dulles Airport. That is it.

So, any of you, please, explain the competition for a layman like me, that must not understand it very well. Is competition, really quick, Jack-in-the-Box, McDonald's, Wendy's—that is competition. Hertz, Budget, Avis, that is competition. Having only one airline that flies one straight shot out of all the airlines? That is not competition. So please, explain it to me.

Mr. JORDAN. Congressman Hunter, just speaking for Southwest Airlines, I can assure you the competition level that we are experiencing right now, which is defined basically in a couple of ways—how many of our routes are overlapped by other carriers where we have competition—and previously, we look at where we are overlapped by the ultra-low-cost carriers, the Frontiers, the Spirits—it has never been higher. And it is climbing at a rate every single year that is at a higher rate than the year before.

So, we have never had more competition in our history. And the best measure is probably fares, because fares ultimately are tied to competition, and they were down in the fourth quarter of 2016, 3 percent from 2015, and they are down 6 percent from 2014. So fares have continued to fall. Our average fare today is \$152, which, inflation-adjusted, is below a decade ago.

Mr. HUNTER. You wouldn't describe competition as options?

Mr. JORDAN. The—again, I would describe it as where we are overlapped with other carriers, where we do have competition. And, of course, you are going to have routes where there are very few options, and you are going to have routes where there are many, many, many options. It differs, route to route. But I can assure you—

Mr. HUNTER. Well, let me interrupt, really quick.

Mr. Munoz, at your Houston hub, what percentage of the flights are operated by United?

Mr. MUNOZ. I would think in the 60 to 70 percent.

Mr. HUNTER. So, 60 or 70 percent, if you are in Houston, you are going to fly a United flight, most likely.

Mr. MUNOZ. And it is infinitely less than our six other hubs.

Mr. HUNTER. Ms. Philipovitch, same question for you about the Dallas hub.

Ms. PHILIPOVITCH. Yes. One thing I think it is important to note is that the purpose of hubs is to build factories that can manufacture connections. And more than half of the customers flying in and out of our hubs—or, in some cases, like our Charlotte hub—

70 percent of our customers are connecting there. So it is not just about the origin and destination market, because there are a lot of different ways that we build routes across the country.

Mr. HUNTER. OK. So would any of you concede, even in the smallest way, that there are—in some hubs, in some airports, there aren't a lot of options, except for just one of you? Would you not concede that in a small way?

Mr. MUNOZ. I think, from a commonsense perspective, absolutely. And it does occur in certain markets, but we all have broader aspects.

But with the concept of competition—and again, a different perspective from other industries—if you think of when I used to work at both Coke and Pepsi, those are two options that have consolidated over the years to provide two offerings to the American public. That seems to work OK.

I used to work in the telecom space, and between AT&T and Verizon, you have that—in both those areas—a lot of product offerings, a lot of additional things, and a lot of continued healthy competition. But that is the perspective that I bring from the outside. I would let Scott talk a little bit about the competition dynamic inside this industry.

Mr. KIRBY. Representative, our—

Mr. HUNTER. And, by the way, this is different than any other thing because we don't have a choice. I have to fly. The American people have to fly all the time. We don't have a choice. You have a choice to not buy a Pepsi, you have a choice to not go with Verizon or you can go with T-Mobile or Sprint, because that is highly regulated by this Congress, telecommunications, more so than it is with you all.

But there is no option to not fly is the big difference here.

Mr. KIRBY. Yes, sir. I would say that this is a highly, highly competitive industry. You can see it in the fares declining, you can see it in the different kinds of product offerings that you can get across the airlines. There are markets where there is only one nonstop carrier, although north of 90 percent of our customers are flying in markets where there either is nonstop carrier competition, or we are carrying connecting customers. So half our customers are flying in connecting markets, which obviously have lots of competition.

And even in those markets, like Dulles to San Diego, you know, more than half the people that fly between Washington, DC, and San Diego choose to make a connection. So they are choosing to take a connection on someone other than United Airlines, even though we are the only nonstop carrier in that market. And in a market like Washington Dulles to San Diego, there is nothing to prevent another airline from coming in and flying in that market.

So it is a hugely competitive market. There are instances where—they are unusual—where there is only a single carrier in the market, but it is still a hugely competitive market. And there almost always are connecting alternatives for customers.

Mr. HUNTER. Thank you very much, Mr. Chairman.

Mr. JORDAN. And I would quickly add, too, again, it is a route-by-route thing. You can find exceptions, but the vast majority of routes have a great deal of competition on them.

Mr. SHUSTER. I thank the gentleman. We anticipate this to be a long hearing, so we are going to take periodic breaks. This is our first 5-minute break. This is only for the witnesses and the Members. Those of you in the audience can go after the break, because I don't want a mass rush to the restrooms, if necessary.

So, Adam, start the clock, 5 minutes.

[Recess.]

Mr. SHUSTER. The committee will come back to order, please. Everybody take their seats. Everybody get settled in. Thank you very much.

I now recognize Mr. Larsen for 5 minutes.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Munoz, I am not quite satisfied with an answer you gave to Mr. Duncan earlier, so I just want to explore it. The question asked of you was whether—I believe it was whether United had used law enforcement at all to remove a person for overbooking, and then you talked about safety and security twice in response to the question.

So it seemed to either be a pat answer, or—I don't know. So let me just be specific. Has United this year removed anyone using security personnel, strictly on an overbooking issue?

Mr. MUNOZ. I am not aware of any specific instance where law enforcement has removed someone for that particular oversold situation.

Mr. LARSEN. Yes, sure, OK, all right. That is clear.

Can I ask you—are you free to—are you able to tell us what United management or the site manager communicated to law enforcement that day on the—regarding the customer on United 3411? Was this person—did they say this person is disruptive and needs to be removed, or did they say this person won't take \$800 and needs to be removed?

Mr. MUNOZ. It wasn't nearly as specific as that. I think the failed policy and procedure that we have is that, after the attempts to incentivize a customer with that amount and other amounts, the protocol, the policy, calls for asking for assistance from local law enforcement. And that is wrong.

Mr. LARSEN. And so then, what change have you made? Can you let us know what change you made in your policies with regards to that?

Mr. MUNOZ. Well, first of all, the \$800, for instance, can go up to \$10,000. Offering alternative solutions for that passenger to fly—because it is not just about money for some folks. We had kids on that flight, people—it is—how do you get to my destination?

And then, of course, what we did is we will no longer have law enforcement deboard anyone that has already been boarded on our aircraft.

Mr. LARSEN. Yes, OK, thanks. I think part of the concerns that we have and a lot of us have is that—and sometimes we are guilty of this, too, I will say this—you made your problem the customer's problem, and in this particular case. So I think hearing from you all how you are not making problems you have about, you know, getting your staff somewhere and making it a customer's—putting the solution on the customer to solve your problem about getting staff somewhere is important. And that goes to, I think, everybody.

Mr. MUNOZ. I couldn't agree with you more, absolutely, which is why our crewmembers, unless they check in 60 minutes before check-in, they will not be allowed to do what happened, what actually triggered this whole event. So I absolutely agree with you.

Mr. LARSEN. Yes. Mr. Jordan, can you help me understand a little bit what we can expect to see from Southwest on May 8 or 9 with regards to One Res? You know, last year we had the meltdown in your IT system that—maybe not as directly to the subject of this particular hearing, certainly didn't trigger this hearing, but this is certainly a customer service issue.

So what is—what is going to happen in this roll-out that is going to make it—I think you called it—bigger and better than what you have now?

Mr. JORDAN. Yes, sir. It is the largest technology project we have ever undertaken. We have—we have been putting in pieces for, literally, almost a year now to ensure that they work as they go. There is extensive testing. We have put in hundreds and hundreds of thousands of hours of training. We will have hundreds and hundreds of employees in airports on the day of implementation to handle any issues that come up. The testing and all have gone flawlessly, so far.

Like any big software implementation, I expect some small problems on May 9, when we implement. But I think we are extremely well prepared, and I expect it to all go very, very well.

Mr. LARSEN. Well, I found that small problems in the industry—in your industry, when it comes to IT, result in delays through an entire system. So what—so even saying “small problems” doesn't give me a lot of assurance. Can you help give me some—a little more assurance?

Mr. JORDAN. Again, we have tested this product more than any IT implementation we have ever done. We have implemented those pieces in phases, so that we are not doing a—usually, what happens with an airline is you put in something in a big bang implementation overnight, you wake up, and it doesn't work very well the next morning. That is usually what goes wrong.

What we have done is implement small pieces almost every week for literally almost a year now. Second, the—when we began to add international destinations, they are actually running on the new system, and have been for more than a year. So we have been running it in production in a small way for a very long period of time.

And then the—

Mr. LARSEN. That is good. I—just one last question for the record for United Airlines.

I just—if you guys could get back to us, explain to us why this particular issue on April 9 was not an overbooking issue. You keep saying it wasn't an overbooking issue. The customer, and every customer, and everybody who watched it online saw it as an overbooking issue. So just—

Mr. MUNOZ. Happy to get back to you.

Mr. LARSEN. Thank you very much.

Mr. SHUSTER. I thank the gentleman. Mr. Farenthold is recognized for 5 minutes.

Mr. FARENTHOLD. Thank you very much, Chairman Shuster. And, much like Mr. Hunter, I am a pretty frequent flier. I am elite

status on every airline up there, except for Alaska, and that is probably just because you don't fly to Corpus Christi, Texas—hint, hint.

[Laughter.]

Mr. FARENTHOLD. But what I am seeing is a growing level of frustration, both on the passengers and from your passenger-facing crew in the airport. Everybody is in a rush, we have had to deal with the TSA, we have got to go buy a—you know, some liquid to take on, because you can't take that through security. You want to get some food, or you are stuck having to pay \$12 for a TV dinner or \$7 for a Lunchable on the airplane. Passengers are frustrated.

Another piece of it is we are all rushing to get what limited bin space there is. Several years ago, the airlines all said the fuel costs are up, so we are going to start charging for checked bags to make up that revenue. Well, now the fuel costs are down. Are there any plans to remove the checked baggage fees, Mr. Munoz and Ms. Philipovitch?

Mr. MUNOZ. I will let Scott answer that.

Mr. KIRBY. Thank you, Congressman. And we view charging for checked bags as one of the ways that we keep all the other fares low. In 2016, at United, we spent about \$1.9 billion carrying checked bags.

Mr. FARENTHOLD. OK.

Mr. KIRBY. And we collected about \$900 million—

Mr. FARENTHOLD. All right. So no, the answer is no.

Ms.—what about American?

Ms. PHILIPOVITCH. Same. We put our fees in place to give customers more options and more choices, and to pay for just the services that they intend to consume.

Mr. FARENTHOLD. All right. So let's talk a little bit about Southwest. No checked bag fees.

Mr. Kirby, you said you had to overbook flights to keep fares low. I can't remember the last time the United fare was lower than a Southwest fare.

How are you all able to do it at Southwest?

Mr. JORDAN. Well, just a couple of things. And we appreciate your business in Corpus Christi, by the way. The—we try to make policies that just make sense for the customer. We feel like, if you are going to travel, it makes sense that you can bring your clothes along with you.

[Laughter.]

Mr. JORDAN. And so—and specifically regarding the overhead bins, the no-check bag fees allows people to check their bags. And so we actually have more bin space because they are checking the bags.

And again, we strive to keep costs low. It has always been a tenet of our airline, all the way back to Herb. And keeping costs low allows us to do things like having no bag fees.

And finally, we believe that we get more business overall because we do not charge fees.

Mr. FARENTHOLD. Great. And, Mr. Munoz, in the very-much-publicized incident that probably led to this hearing, the reason you had to get people off was because you were trying to move a crew to get to their other flight. United is my primary carrier. So one

of the things I see a lot, when I get delayed, it comes up on my app saying, "Awaiting inbound crew."

What I don't understand is why don't you just keep the crew with the airplane? Why do the crews have to connect? Why couldn't you put the same crew with the same airplane, and take that one issue off the table?

Mr. MUNOZ. I think it is a great thought, but there are rules and safety implications of making sure people get rest. And so, the ability to keep crews on the same flight for an extended period of time is just not something that is easily doable.

Mr. FARENTHOLD. All right. And then I had one other question for Ms. Philipovitch about American.

We are seeing reports in the media now about your new uniform having adverse reactions with over 3,000 flight attendants, and now with pilots. My concern is not only with the safety of the crew, but also, if there are toxic fumes or something that is released as a result of the circulating air or the heat on the airplanes, there is a potential risk for passengers. What is the airline doing to address the uniform issue? Or, if you are not in a position to answer that, could you get somebody who can to give me the info?

Ms. PHILPOVITCH. No, I am happy to give you info, or information. And first, I just want to make sure to state that the safety and comfort of both our customers and our employees is absolutely our top priority.

We launched a new uniform last fall and—for about 75,000 of our team members. And the vast majority of them really like the product that we launched. And team members were involved in developing it, as well.

Shortly after launch we did start getting some reports that some of our employees were experiencing some reactions to the uniform, despite the fact that we had put it through a couple of rounds of testing to ensure that it meets and exceeds industry standards.

We have been working with those team members, to make sure that they have alternative uniforms that they can wear, both different fabrics from the initial manufacturer of our program, and then also recently we just announced an additional manufacturer that can provide uniforms for our employees.

So we will continue to work with team members. It is an issue that we take very seriously, and we are putting a lot of attention on.

Mr. FARENTHOLD. Thank you. I hear, from the tapping, that my time has expired.

Mr. SHUSTER. I thank the gentleman and I also point out—as I said, made a little comment earlier—sometimes we put these rules and laws into place that—these situations occur because the airlines are living with them. And it is not just the airlines, it is industries across America. So we have got to pay close attention to what we do and what response from the industry is.

With that, I recognize Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman. Thank you, gentlemen and lady, for being here.

Here is the problem, is that the flying experience—and again, we all do it on a regular basis—the flying experience is like everything

else in life. The truth is, my flying experience is reasonable 90 percent of the time. But it has a lot to do with lowered expectations.

When I was a kid, I grew up in a neighborhood that every single playground was full of broken glass, broken basketball hoops, and no swings. And everybody just accepted it, because it was the way it was. Now, it is not like that any more, but it took us 20 years to change the attitude. People today in the same community that I grew up in would never accept that, because the level of expectations have been risen.

A problem with the flying experience is, across the board, we all know it is a terrible experience, starting from the minute I go on the computer to try to figure out which flight I want to take. I have to go to several different websites. And, even when I do that, I have to go into the depth of the websites to get truly comparable prices, because some don't charge fees, some do charge fees. Some charge fees for baggage, some charge fees for oxygen. Who knows? I can't get comparable prices.

So the very—before I buy the ticket, I am frustrated. I personally have shut that computer down repeatedly for many years, because—I got to go back to it, because, you are right, I got to fly. And you got to go back and you got to dig your way through it from the very start. But we all expect it to be a miserable experience.

And then, when I get to the airport, I have to go through the TSA lines which, now, being a regular flier, I go through the express lines. But now the express lines are full of people that don't know to take their keys out of their pocket. Frustrating. Then I get to the gate. Plane is late, plane is not late, never explain why.

Now, honestly, up until last week, bumping was not a problem. I have been bumped on occasion, but it has been handled reasonably.

By the way, Mr. Munoz, I want to know how to get that \$10,000 thing, because, believe me, I will be flying United a lot more. You can figure that out.

[Laughter.]

Mr. CAPUANO. Here is the problem. And, even with these fees, I kind of—it is interesting. I get the airlines coming in, complaining about the facilities we have, and yet I see that in 2015, the latest year we have, \$3.8 billion in fees, which don't pay the ticket tax, which means almost \$300 million that could have been put into improving those facilities didn't, because you don't want to tell us what your tickets cost.

It is all—to me, we are kind of sick of it, as the consuming Americans. We got to fly, you got us. You got us. And if you want to keep treating us this way, fine. I guess we can only do so much. But there will come a day when Congress won't accept it any more on behalf of the American people, and that shouldn't happen.

Mr. Munoz, you had a particular problem last week. I accept your apology. I think it is genuine, I think you mean it. But here is the problem. Your apology is a beginning, and the policies seem reasonable, the ones you have now. And I am not—I don't mean to pick on you, but, you know, it is your turn.

The problem is every year I say, you know what? I am going to the gym, I am going to lose 5 pounds, I am going to get in shape again. By February, I am kind of out of it. I give up on it. Every

person I know that has ever committed a crime has basically apologized for it. Didn't mean to. And the apology is good. And again, I do accept it. I hope and believe it is sincere today. But I hope you all know that this doesn't stop today. And you will be judged on how it is implemented.

And it is not just you, Mr. Munoz, again. It happens to be you today, but it could be any one of you tomorrow. And I presume you have all rechecked your own rules and regulations about how you do it. I am sure you don't want to be in the hot seat the next time.

So the truth is I don't really have any questions because, again, I do think you have addressed the immediate situation. But if you walk out of here thinking that the immediate situation is the only problem the American public has with the flying experience, you would have missed the point. We have a problem that shouldn't be as bad and unpleasant as it is. And you are the only people that can fix it. And I would encourage you to do so, so that we can get back to the point of—nobody is against you making money.

I don't want to yell at you. I just want to be able to go to the airport and get from point A to point B with a more pleasant experience. And if I do, believe me, I will go back to your airline more often when that happens.

Mr. Chairman, I apologize for not having a question, but I think all the questions I had have been answered.

Mr. SHUSTER. Well, my only response to that is well said. Thank you. And, with that, I yield to Mr. Gibbs.

Mr. GIBBS. Thank you, Chairman. You know, I was thinking about this. The—you really have a cultural problem for the incident that happened on United with the doctor. I mean it is unbelievable to me that the pilot or the crew or anybody would have let that happen when you have a person on there forcibly removed that is not a security risk, or whatever.

So I am glad to see that United is putting in the policy of the compensation. And that is—I think we saw the problem. I think overbooking, we have heard today, has its positives. And I think if—also one big positive, it helps keep fares down for everybody. But when overbooking does happen, we ought to let the market forces work. And I think that \$10,000 deal, there will be a stampede to get to that gate person to take benefit of that, so they have another issue, but that will be a positive issue, I think.

But the cultural issue, I think, as leaders of your respective airlines, it is your job as leaders to improve the culture, because it is definitely a cultural issue.

And instances—I fly basically weekly. You know, there are times where we could be out on the tarmac because of weather and whatever, and delays, and it is really nice when the pilot comes on and says, hey, we just heard from air traffic control. We are going to be delayed 20 or 30 minutes because of issues here in DC, or whatever. And there have been times we have been parked out on the tarmac and they say, you know, it is all right to—if you have to go to the restroom, use the restroom, or, you can turn on your phone and we will tell you when to turn it back off, versus, you know, somebody standing over you like a gestapo, you can't do anything.

And so there—that is just the whole cultural thing, but I am really glad to see—I think, you know, the market has to function to work.

My question I have—and I don't know the answer—do airlines still have reciprocity agreements or not?

Mr. KIRBY. At United Airlines we have interline agreements to carry customers on most of our competing airlines. And, in fact, certainly with American, with Delta, with our big—

Mr. GIBBS. I just wanted to make sure, because I know, in years past, when I was flying, when issues come up you go to the gate and they say, well, here, XYZ Airline we can get you on. That still happens?

Mr. MCGEE. Congressman, can I address that?

Mr. GIBBS. Yes.

Mr. MCGEE. Prior to deregulation in 1978, as I stated earlier, interline agreements, as they are called, were ubiquitous, so that, basically, the burden was on the airline, not on the passenger.

So, if airline A had any kind of a situation with overbooking delay, cancellation, the passenger would be accommodated for the face value of the ticket at another carrier. Those interline agreements post-deregulation were sustained on the part of the airlines in some cases, and not in others.

And when there was an influx of low-cost carriers in the 1990s, major carriers started using interline agreements as a competitive tool, at the expense of passengers, by not interlining with startup and newer, smaller airlines. And now we have a situation where even some major airlines don't interline with each other.

Now, their feuds are one thing. But the fact is this affects passengers in a very negative way.

Mr. GIBBS. Anybody else want to respond?

Go ahead, Mr. Sprague.

Mr. SPRAGUE. Yes, I would just say broad generalizations are one thing. But I think most all major airlines have interline agreements with all other major airlines, and that is certainly the case with Alaska Airlines.

Mr. GIBBS. Yes, I was just going to say I think that is part of letting the market work, you know, some agreement. I think competitive pressures, we need competition. But when situations arise that are completely out of your control, whether it be weather or mechanical failure, you know, we need to put the customers first. And that is how you keep Congress off your back, I mean, put the customers first.

Let's make sure that you are expounding a culture out there that puts customers first, because that incident that happened, if the culture was right, it was coming from the top, that—I don't believe that would have happened, because it would have been—you can't tell me there wouldn't have—there aren't other paying customers on that flight that wouldn't have jumped at the chance for \$1,000 or \$2,000 or whatever, to take a flight a couple of hours later. I mean it is just hard to believe that that is the case.

And so, I guess that is where I—my criticism is, that there is definitely a cultural problem. And I am glad to see that in your written testimony and your oral testimony you are fixing to address that, because I think that is really where it starts. And I

think if your—all your team members understand that the customers come first, and make it work the best, this is how we solve this problem and let the market forces work.

So I yield back.

Mr. SHUSTER. I thank the gentleman. I am going to have to step out for a little bit, and I think I will be back before this is over. But I just want to make sure that I say this, because I think it is so important that—you know, in every bad situation there is a silver lining. We could usually find a silver lining.

And if the airline industry doesn't find a silver lining in this is to get together collectively and to figure this out—because if you don't, just like Mr. Gibbs said, like Mr. Capuano said, we are going to act. And if we act, it is going to be one size fits all. And it might be OK for United and American, but it is not going to be good for Alaska or Jet Blue, or whoever the case is.

So, again, I am pretty sure I will be back, but I just want to make sure—that should be the takeaway from today is seize this opportunity. Because, if you don't, we are going to come, and you are not going to like it.

So, with that, I hand the gavel over to Mr. Duncan, and I recognize Mrs. Napolitano for 5 minutes.

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

One of the things that you mention, this self-regulation that you are going to ensure that you pay attention to it, but I would wonder whether it is going to be a regular or inconsistent. How often will you review yourselves to be able to ensure that there are problems being addressed?

Mr. MUNOZ. I think, as a regular course, certainly at United, between ourselves internally, to our board—

Mrs. NAPOLITANO. How often?

Mr. MUNOZ. Our boards meet five times a year, so at least that many times.

But internally and to the open public, we have, you know, 86 million customers out there every day. And to everyone's concerns and thoughts, we hear from them very frequently with regards to this.

And so, I have an old saying from a long time ago that it is about proof, not promises. And so, what you have seen from United in the 18 months I have been there, anyway, is everything we have said we were going to do we have delivered upon. And so it will be a constant stream of new announcements that enhance what we have already talked about, but also a followup on the issues.

And again, with regards to the policies we put in place, everyone will have—will be a—

Mrs. NAPOLITANO. And the rest of you?

Mr. SPRAGUE. Congresswoman, in the case of Alaska Airlines, we are constantly holding ourselves accountable from a customer service and a customer satisfaction standpoint, so much so that we actually have customer satisfaction metrics as part of our employee compensation, as part of our employee incentives. And those are watched very closely by all employees, all 19,000 of us. And those are addressed every single month.

Mr. JORDAN. Congresswoman, I would say the same thing for Southwest. Customer service measures are part of the way our—

in particular—our leaders are compensated. So we review those often.

And then, second, with the change where we will no longer overbook as part of the oversale, and we expect that to go down—our denied boardings—80 percent. We will be watching that every single week.

Ms. PHILPOVITCH. We receive customer feedback in multiple forms, and we pay attention to all of it and take it all seriously. We have a team at American that we call our customer advocacy team that consists of senior leaders from every department around the airline, and we meet monthly to review feedback, review our policies, and make changes to continue to improve.

Mrs. NAPOLITANO. But are they implemented immediately?

Ms. PHILPOVITCH. They are implemented as quickly as we can. If it is a simple policy change, yes, immediately. If it is something that requires a technology change, it may take us a little longer to get it done.

Mrs. NAPOLITANO. Mr. McGee, do you have any comment?

Mr. MCGEE. Yes. Thank you, Congresswoman. We have heard a lot today about, again, retraining and improvements. And we certainly want to give credit where it is due for that. But I do think that there is an underlying issue here, and that is it really shouldn't take a media event and a viral social media, you know, outcry to make executives in this industry rethink how they treat their customers.

Mrs. NAPOLITANO. Thank you.

Mr. McGee, do you have any comment in the training that is afforded the employees insofar as mental health is included? Anything to help the employee deal with customers who are acting odd? Or on the personal basis for self-improvement?

I have had—I fly twice a week, so I have seen it all. Yet I have encountered every now and then a very rough attendant. Would it be because of stress? Would you indicate that any training is given to them to be able to deal with mental health problems, if they arise?

Mr. MCGEE. I think it is an excellent question, Congresswoman, because, as I stated earlier, this is an industry that heavily outsources.

I am a former airline employee, myself. So I should point that out. I am an FAA-licensed aircraft dispatcher. I spent 7 years working in airline flight operations and ground operations management. And I was very proud to work at PanAm, an airline that was renowned for passenger service.

But right now we have a situation where employees are under tremendous strain. I think it is the executive decisions that are putting flight attendants in the front lines of so many of these situations. Flight attendants have a primary responsibility to ensure safety and evacuation and things like that and, of course, customer service. But we have asked them to be bouncers and police officers and all kinds of other things.

Mrs. NAPOLITANO. Right.

Mr. MCGEE. And so there is no question that there is an issue of training, as well.

Mrs. NAPOLITANO. I will ask any of you to quickly reply. I am running out of time.

Mr. MUNOZ. Simply put, we agree and, in fact, supporting United today in the audience are several of our pilots and flight attendants. And I think we work with them constantly to ensure that what their needs—what they see and that constant back-and-forth, so that we do put in policies, training, and other things that—

Mrs. NAPOLITANO. Does it include mental health training?

Mr. MUNOZ. We do have a policy and a practice that we are implementing, particularly for our pilots.

Mrs. NAPOLITANO. Well, May is Mental Health Month, so I urge you to take a look at it and ensure that that is taken care of.

Thank you, Mr. Chair.

Mr. DUNCAN [presiding]. Thank you very much.

Mr. Davis?

Mr. DAVIS. Thank you, Mr. Chairman.

Mr. McGee, thank you for your comments that were just made about this industry hoping to fix some of the customer service problems themselves.

Last—you know, like many Americans, I was disturbed by the video we saw of Mr. Dao, and also other videos subsequent to this. It is why I, along with my colleague, Mr. Lipinski, sent a letter to Secretary Chao, asking for answers to questions about the incident, including maybe what specific guidelines, if any, Department of Transportation provides to airlines in a situation where an airline asks seated passengers to exit a plane in order to accommodate a flight crew.

Mr. Munoz, thank you for taking responsibility, as the CEO, for that disturbing video, and making sure that there are policies now in place to ensure that doesn't happen again. That is the customer service solution that we here in this committee are looking for.

I don't believe Government can solve your problems. I don't believe this committee ought to solve any customer service problems. Frankly, that is something that you should do for your customers. And we are your customers. We fly a lot. So we interact with many of them at many different airports. And, let me tell you, I personally witness better service in certain airports and worse service in others. And I think each of you ought to do a deep dive into where the customer service issues may be in your existing system, in your hubs, and also in the small regional airports. And also, if there are any issues with TSA, let us know, so that we can help correct that situation, too.

Mr. Munoz, I had a question for you but, trust me, you would have answered it probably 10 times already today, so I am not going to ask you that question, although a simple yes or no—do you also agree with me that United is better able to make customer service changes versus us?

Mr. MUNOZ. I believe so, yes.

Mr. DAVIS. Thank you, thank you. I—you know, representing central Illinois, I—when this happened, when we were going to have a hearing, I did what I like to do, I sent a survey out to my constituents. I actually have 29 pages of responses, over 2,000 responses to our survey. And overall, my constituents rated their cus-

tomer service experiences with the airlines a C. That is passing, average.

On a positive note, the vast majority said that—73 percent of them said they did not feel as though they had ever been mistreated by an airline employee. So that is good news. However, when asked if they felt the airlines were focused on good customer service, 60 percent said no.

Mr. Jordan, one of the most consistent responses in our survey was an overall satisfaction with your airline. Did you hack my system?

[Laughter.]

Mr. JORDAN. I do not believe we hacked your system.

Mr. DAVIS. All right, thank you. Beverly from Glen Carbon said, "Southwest employees and flight attendants are friendly." Mary from Staunton, "Southwest employees, from start to finish, are professional and friendly." Winona from Springfield said that Southwest really cares about their passengers.

In all seriousness, is this a common trend on how customers feel about their experiences? Are you seeing that with your airline?

Mr. JORDAN. Congressman, yes, sir. Our NPS scores, our net promoter score, which is really how we measure customer service, are very high. They are in the high 60s to 70 range. So they rank in kind of the Nordstrom, Google, Apple kind of NPS scores. And we find that across all airports, we find that across all parts of the customer experience journey. And I think that is due to not just changes that we have made, but it is due to the wonderful employees at Southwest Airlines.

Mr. DAVIS. You do have good employees. I fly your airline from DCA to St. Louis a lot. But I also fly American Airlines. That is the one I fly most. And I will tell you an overwhelming majority of the time every airline employee is very respectful, does their job extremely well, and provides great customer service.

But it is just like in our business. Sometimes they don't remember the good service. Sometimes it is that incident that leads to all of you sitting in this hearing room today, talking to us and answering questions.

I tried working with many of the airlines to address a customer service problem that I saw and have witnessed many times. It is parents flying with children, getting to the airport, and being told that they are not sitting by their young children on the airplane before they even get there. And I asked many of you, many of your airlines, "Can you maybe devise a way to fix this?" You didn't do it on your own.

So I had to actually write language called the Families Flying Together Act that is part of the FAA reauthorization that would require anybody who is purchasing an advance ticket and a seat, and if they have young children—maybe there is a popup on that reservation that says, "You know you are not sitting by your child," because trusting the gate agent and the flight attendants to make that decision is not providing the passengers the customer service that they deserve. And you know, as well as I do, that that is something that needs to be addressed.

I was hoping we wouldn't have to address it here, but that is a shining example of when you don't act, we have to. And that is ex-

actly what Chairman Shuster just said. Don't make us have to act and put a one-size-fits-all approach to fixing problems that we obviously see exist. They may be the exceptions. They may be. And we know they are, because we see it. But, in the end, those exceptions will bring a lot more rules from us if it is not addressed. So thank you.

Mr. DUNCAN. Good comments.

Mr. Lipinski?

Mr. LIPINSKI. Thank you, Mr. Chairman. Just this morning the Bureau of Transportation Statistics came out with a report that said in 2016 the passenger airlines recorded a profit of \$13.5 billion—\$4.2 billion of that was from baggage fees and \$2.9 billion from change fees. And it is the seventh straight year of profit for the airlines.

Now, I have nothing against profit. We do not want to go back to the days where all the airlines were failing, because we need the airlines to be able to function. But I think it is an important context, the position that the airlines are in right now, financially.

I want to commend United and Southwest for some of their policy changes that they have made in recent weeks. And I encourage the other airlines to follow suit with those changes, and in others. But these changes are not enough to protect airline passengers, and I think, as Ranking Member DeFazio said, we need to prod, regulate, or legislate, so that passengers are better protected.

Sixteen years ago on the House floor the then-ranking member of the Aviation Subcommittee—Mr. Duncan was chairman of that subcommittee at that time—he said, when discussing airline mergers, “If there are only three or four mega-carriers serving the U.S. market, the Federal Government will once again have to regulate the airline industry.” That was my predecessor, who is also my father, Bill Lipinski.

Now, I am not saying we need to go back to pre-1978 and go back to complete regulation. But perhaps there are some things that we may need to bring back. Mr. Gibbs raised the interlining issue. Mr. Kirby said that United does interline, but I want to read from United's contract of carriage. It states, “Upon United's sole discretion and the passenger's request,” meaning the passenger has to know this is in the contract of carriage and request it.

And I actually think this is one of the better interlining statements about interlining or—one of the better things in the contract of carriage of any of the airlines. So maybe we have to go back to rule 240, that said that an airline with a delayed or canceled flight has to transfer a passenger to another carrier if the second carrier could get the passenger to a destination more quickly than the original airline.

And let me say this. I know that you will gouge each other in this type of situation. So maybe we put in there that some sort of restriction on how much one airline can charge another in that situation. But it seems to me, if we want to help passengers out and protect passengers—and this is not to go after the airlines, but if we want to protect passengers, to have these types of agreements, require perhaps these types of agreements, that this is a way to make sure more people get to their destination at a closer time to when they were supposed to get there.

Now, I want to open it up to each one. I don't have much time, so be quick. Is there a problem? Could you—would this be a problem for you to do this? Let me start with United, whoever wants to answer.

Mr. MUNOZ. I think we are an active user of interline agreements. I think we have used them less and less as we became more reliable. And I think an important note is to have those fees and that money to reinvest in our business, so that we can improve reliability. And that has been the first trick.

But with regards to interline alliances, we are strong believers.

Mr. LIPINSKI. How often do you use them? How often does a passenger—

Mr. MUNOZ. We use them a lot less than we used to, because we don't need to. It is not a function of wanting to—

Mr. LIPINSKI. Would you be willing to make this more—change the contract of carriage, where it doesn't say the passenger has to request it?

Mr. MUNOZ. I will leave that language discussion to someone that is more versed in it. I think the way we put it into practice is pretty customer-oriented, and we also don't gouge for—our agreements with our fellow—like others.

Mr. LIPINSKI. That is good to hear.

Mr. SPRAGUE. Congressman, I think ultimately what you are suggesting is finding better ways for us to accommodate customers in these situations, and we agree with that. And, as I said previously, we do maintain these agreements with other airlines.

Mr. JORDAN. Congressman, with the change to no overbooking, I expect the percentage of this happening to go down to .001 percent. So it is going to be a very small number of customers that need to be accommodated.

We do not have official interline agreements. We have informal interline agreements at the airport. And a lot of times what we actually do is we empower our employees to actually buy tickets on other carriers to move our passengers to their destination.

Ms. PHILOVITCH. Given the disruptions that are sometimes inevitable in the airline industry, service recovery is one of our top customer service priorities at American, and we are constantly working to improve the tools that we use, both behind the scenes and that are available to our employees, and self-service tools for our customers, to make sure that we provide customers with the best options to get them to their destination when they have disruption. And sometimes that does involve booking them on other carriers, and we will continue to do that, as well.

Mr. LIPINSKI. I don't want to regulate, if we don't have to. I prefer not to. But I now know that I will ask every time. I have been told at times by Southwest, well, we don't have any interline agreements, we can't put you on another airline. So I want to make sure people know—I will know—make sure people know to ask if this ever happens to them. And maybe that—we can solve this problem. Thank you.

Mr. DUNCAN. All right. Thank you very much. Mr. Babin?

Dr. BABIN. Yes, sir. Thank you, Mr. Chairman. I am Brian Babin from the State of Texas, and I was a small businessman for over 30 years. I know the importance of customer service and courtesy,

running your business according to the Golden Rule, and know how significant it is if you have disgruntled customers. If you treat everybody like you would want to be treated, I think this world would be a lot better place.

Some of you have—may have already answered this question, because I would like to address this customer service. Does your airline gather and analyze customer service data? And if not, why not? And if so, does your airline identify customer service issues and address customer dissatisfaction?

I know Ms. Philipovitch, I think you said that you—American is already doing that. But I would like to know, because I fly United most of the time into Houston, although I did fly Southwest—I do fly that occasionally. And I would like to know what you guys do, in terms of keeping data and customer service.

Mr. MUNOZ. At United we have actually pivoted from what used to be a very arduous survey that you received with 100,000 questions that took you forever, and we did that for a long period of time. And the fact of the matter was that, simply, the things that you kept telling us, you just kept telling us again. We weren't getting it—to fixing it.

We pivoted away from some of the more fancy measurements, and just went to a simple survey that says, "Did you like the flight, yes or no?" And, if you didn't, why not? And we put pictures, to make sure, whether it is luggage or customer service—and the importance of that, it is clarity and specificity. And then, more importantly, we take that data immediately, as opposed to a week or a month later, and provide it to, oh, yes, the people that actually run that airport, so they can actually fix it.

So that is the level of information we correct, but it is more about the action that supports it, versus just gathering of data and your support.

Dr. BABIN. OK, and I would like to ask Mr. Jordan the same question.

Mr. JORDAN. Yes, sir. We measure every single day on every single flight the customer satisfaction around not just the flight, but every point in the journey. How was your buying experience, your boarding experience, your gate experience, your in-flight experience? And then we use that to provide feedback to constantly improve.

Dr. BABIN. I appreciate that very much, and I am going to run out of time, so I have some other things I would like to address.

In terms—we have talked about ticket change costs. I think the other side of the aisle had mentioned the amazing differences in cost between changing a ticket. Some is either free, \$15, and some of them \$200 or \$300. And I am very disappointed in the differences between that, especially with some of the airlines that I fly most frequently. And I would hope that would be a more uniform cost to the passengers.

As a former private pilot myself—used to love airplanes, and I love airports, but it has gotten to be a very onerous task, since I fly about 6, 7 hours a week. And I would like to see a little more—I don't want to regulate—I am a conservative Republican. I don't like regulation, if we can get away with it. But something has got to be done, in terms of customer service with some of you airlines.

Also, frequent delays because of lack of a gate agent. That has been another problem we have seen, where your aircraft pulls up to the gate. You may be 10 minutes early, or whatever. You have to sit there and wait on the tarmac for a gate employee to come out and hook you up. That seems to be a frequent problem that I have seen and also heard complaints. So what is going on there, if you don't mind, with United? I fly you most of the time.

Mr. KIRBY. Well, thank you for the business, Congressman. At United, that is one of the things we are focused on, is how we can run a more reliable operation, including turning aircraft. And one of the things we have recently started is measuring every single step in the process, including what you just described as a gate agent should be there to meet the airplane. Not just a gate agent, but the crew, as well. And that is one of the things that we are measuring, and now have available to every one of our stations. And any time we fail in that, we will have data to be able to go back and figure out corrective actions or policy changes or staffing changes or anything that we need to address that.

Dr. BABIN. Thank you very much. You know, the biggest concern, I guess, of any transportation service—and that goes for the airlines above all—get your passengers there safe. And I think all of you are doing a fantastic job there. But there are differences between customer service and satisfaction. And I think airlines are at a low ebb right now, in the public opinion. And some of you are doing quite a bit better job than others, and I would hope that would be standardized without any kind of regulatory reform and changes.

So my time is up, Mr. Chairman, so I will yield back. Thank you.

Mr. DUNCAN. Well, thank you very much.

Mr. Cohen?

Mr. COHEN. Thank you, Mr. Duncan. Mr. Munoz, you have apologized and made compensation for Dr. Dao. I appreciate that. It was awful to watch that. It reminded me of a Trump campaign rally. People shouldn't be treated that way.

But the problem we have got is overbooking of airlines. And the reason we have the overbooking and having to take that man off the plane, or have somebody come off the plane, is because the airlines are beyond the realm in getting profits, profits, profits, higher salaries for executives, and less for customers.

Part of that can be seen in the size of the seats that you have for the customers. Now, American and Delta are a tiny bit better than United on pitch. Spirit is the worst. I think Sky Blue is good, but probably Alaska is OK. It has been shown that passengers can get problems with their veins and thrombosis from long flights when they are so close together. Seats have gotten smaller, pitch has gotten less. Safety is a factor, as well as comfort.

Mr. Munoz, can you tell me what United has done, if anything, to try to have seats, size, and pitch that is safe for an evacuation of an airplane if an emergency should occur, which I believe is supposed to be 3 minutes to get everybody off?

Mr. MUNOZ. If I could, Scott is our seat expert, and has been doing this for quite some time. If I could yield to him—

Mr. COHEN. If you could, briefly give me the answer.

Mr. KIRBY. Yes, sir. Safety is our number one priority, as it is at all of the competing airlines here today. And we test all of our aircraft for evacuation in the case of emergency. And that is done under the guise of the FAA. And so all of our aircraft, not just at United Airlines, but at every airline in the country, is——

Mr. COHEN. And can you get everybody off in 3 minutes?

Mr. KIRBY. Yes, sir.

Mr. COHEN. And has the diminution and pitch and width not made it more difficult?

Mr. KIRBY. Sir, we still meet those standards. And the——

Mr. COHEN. Do you have a film of that which my staff and I can view?

Mr. KIRBY. We actually do have films of that.

Mr. COHEN. Great. If you would let Mr. Fulton know, I would love to see it, because I find it hard to fathom, with those seats.

Particularly, Ms. Philipovitch, American has become the number one carrier in Memphis. We thank you for filling the void that Delta left after Mr. Anderson testified before this committee that Cincinnati and Memphis would not be hurt, there would still be hubs, and there wouldn't be any changes with the merger. So American has come in and filled up that.

But yesterday I flew on Air Wisconsin, and that is the worst seat I have ever had in my life. I have been there before. I refuse it. I made a mistake. I am going to start coming earlier and getting the Embraer Air, which is a good plane. The Air Wisconsin planes are, you know, buses with propellers. Why do you use Air Wisconsin and put passengers in those teeny-tiny, awful seats with the——probably the worst pitch, worse than Spirit, and the worst width? Why do you use those?

Ms. PHILPOVITCH. Well, first of all, thank you for your business in Memphis. We are glad to be able to welcome you on board.

We work with regional partners to allow us to have different size aircraft, so we can serve small and medium-sized communities across the country. And we are really proud to do that. We know that we need to work to standardize the products and services, because when a passenger buys a ticket on American Airlines, they expect American Airlines' level of service. So we have——

Mr. COHEN. That is what I expected. I thought I was going to get an Embraer Air, and instead I got on, you know, Air 1941. It was like a civil rights bus from the 1960s that had been preserved and had propellers put on it.

Ms. PHILPOVITCH. Well, I apologize that you had an uncomfortable flight. And please know that we are working to improve and standardize the experience that our customers have, regardless of who operates the flight when they buy an American ticket.

Mr. COHEN. Thank you.

Mr. McGEE, do you believe that the pitch and the width have hurt customer safety, as well as maybe imperiled—diminished comfort?

Mr. MCGEE. Yes, absolutely. It is not just a comfort and value issue. It is a safety issue, in terms of evacuation. It is a health issue, as you noted, in terms of DVT. Consumers Union has researched this and advocated about it and written about it, and we

found, when we reached out to the Federal Aviation Administration, that there are unanswered questions.

When the FAA conducts its evacuation drills, that they are outdated in many cases, A, because they don't reflect real-world load factors, which now are often at 100 percent—they are at less than 100 percent. B, they are often with employees and things like that, so often they are people that know how to evacuate a plane. And the third reason is that they often don't reflect accurate, real-world seat pitch, as you have pointed out.

So there are unanswered questions here about the most primary issue of all, which is safety.

Mr. COHEN. Thank you, sir. My time has expired. But to the airlines, think Memphis. We need more flights.

[Laughter.]

Mr. DUNCAN. Thank you very much. Mr. Smucker?

Mr. SMUCKER. Thank you, Mr. Chairman. There has been a lot of discussion today in regards to competition and regulation of the industry. And I, myself, prefer a free enterprise system, prefer to keep Government out of the way whenever we can possibly do that.

But I think the real question for us today is whether additional regulation will be needed, whether there is enough competition to prevent that. And I think, Mr. Munoz, you said it best. You said the best way to avoid the need for that is for the industry to do self-regulation. And I think what we are looking for is to be able to have the confidence that the industry will provide the customer service that our constituents deserve without the Federal Government stepping in.

So we had a horrific incident. Unthinkable, to see what we saw, the images that we saw on those videos. And I think our job is to determine whether this is a one-time incident, or whether it is indicative of a culture that could lead to additional incidents like this. And I believe, in many ways, that the top of the organization, the CEO, sets the tone.

I was a small business owner, admittedly much smaller, only had a few hundred employees. But the tone of the CEO is absolutely critical to drive the customer service throughout the organization.

Mr. Munoz, you ask us to trust you today to make the changes that will be needed here for United. I must tell you, if I am a member of the general public, seeing your reaction, seeing the reaction of United initially and in the few weeks after the incident, there is a lot of work to be done to convince us that you are responding properly to this horrific event.

The day after the incident—and I will quote—you said, “I apologize for having to reaccommodate these customers.” And then, later that evening, you said to your employees, “While I deeply regret this situation arose, I also emphatically stand behind all of you, and I want to commend you for continuing to go above and beyond.”

Mr. Munoz, could you tell us what you were thinking at that point?

Mr. MUNOZ. Sir, with regards to the initial response, I think it was—there is no excuse. It was an act based upon me trying to understand facts and circumstances, and it is on me. It was the wrong thing to say at the wrong time.

The second comment, after we gathered more facts, and we understood a little bit more of the facts and circumstances, what had caused the event, who had been involved in the physicality that you saw, it was my point to make sure that our 87,000 employees understood that we had——

Mr. SMUCKER. I am going to interrupt you, and I am sorry, I only have 5 minutes. I was appalled at your comments the first day, sent a letter the morning of the next day, April 11th, which, Mr. Chairman, I would like to submit into the record, if I could do so.

Mr. DUNCAN. Without objection.

[Congressman Smucker's letter to Oscar Munoz follows:]

LLOYD SMUCKER
16TH DISTRICT, PENNSYLVANIA

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April 11, 2017

Mr. Oscar Munoz
233 S Wacker Dr
United Airlines, Inc.
Chicago, IL 60606-7147

Dear Mr. Munoz,

As a member of the House Transportation and Infrastructure Committee, I write regarding the recent incident that took place on a United Airlines plane on April 9, 2017 where a passenger was forcibly removed. Video of the encounter shows a paying passenger, who refused to get off of an overbooked flight, being yanked violently from his seat and dragged across the floor by his arms towards the front of the plane. In the video, the passenger was neither unruly nor aggressive towards authorities. United Airlines and the Chicago Department of Aviation should be ashamed and embarrassed for both their actions and their response to this incident. Moreover, it is disturbing that you mentioned in your short public statement that "this is an upsetting event to all of us here at United" and apologized for having to "re-accommodate these customers." It's insulting to these passengers, and others who travel frequently, to call this assault a "re-accommodation" and to have the audacity to say it's "upsetting to those at United."

In response to this shocking scene, I would like to ask the following questions, and appreciate answers in a detailed manner and a timely fashion:

- Who made the decision to call the authorities and have the passenger physically removed?
- Why did United Airlines stop at a voucher of \$800 and not increase amounts until someone voluntarily got off?
- How were the 4 passengers that were asked to get off the plane chosen? Is this standard practice?
- What is United Airlines' policy when it comes to overbooking flights and bumping passengers? Is overbooking only passengers or does overbooking policy also explicitly cover airline staff as well?
- In what manner are paying customers made aware of the policies surrounding overbooking?
- What is the medical condition of the passenger who was physically assaulted? Was he assisted medically by airline staff or airport personnel? Has United been in contact with him?
- How was the passenger in question able to re-board the plane, as video shows, and how was he removed the second time?
- Is United's overbooking policy comparable to other airlines? How many passengers are physically/forcibly removed annually?
- What ability does United have to investigate the security personnel who actually removed the person from the plane? Will the results of any of United's investigations be verified or confirmed by an outside entity or be made public?
- Why were the United Airlines employees, the reason the individuals were being bumped from the flight, not given another mode of transportation to get to their destination?

- Explain the circumstances that these 4 particular United employees were so vital to operations that their seating on this flight was crucial enough to take these drastic measures?

As a Member of Congress who represents thousands of airline passengers, it is my hope to never see this sort of brutal action happen again because of overbooking or airline policy.

I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Lloyd Smucker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Lloyd Smucker
Member of Congress

CC: Chairman Bill Shuster
Chairman Frank LoBiondo
The Chicago Department of Aviation

Mr. SMUCKER. There were simple questions in regards to policy that had led to this in regards to what United was doing to change that policy.

Mr. Munoz, it took you 2 weeks to respond to that letter. The response did not fully address the questions. You did send a review and action report. I was amazed that report did not even mention that your passenger was physically harmed. I think that is an important part of the investigation. It is not mentioned in your report. Would you care to respond to that?

Mr. MUNOZ. Sir, we prefer, given the video was indeed so visible to so many people, to just stay with the basic facts of the situation, and not further sort of elaborate on those things. And again, the document, as we have laid out, was, in fact, to get as much information out there as possible.

Mr. SMUCKER. I have 46 seconds. You do—I commend you for some of the changes that you are making in regards to policy for your employees. I am very disappointed that you are not changing, or at least not mentioning a change to the policy of how you would select a passenger for removal. That is unbelievable to me, that, after that has occurred, you would not take, for instance, the very last passenger that shows up at the gate, rather than some other algorithm to choose an employee. So I am very disappointed about your response in that regard.

Mr. MUNOZ. Thank you. The situation is a difficult one, because if someone arrives late because they were delivering a baby or something—it is a difficult choice. Our policy, our practice, our go-forward sort of situation would be, as much as possible, to ameliorate the possibility of those actual events happening. And in regards to reducing our overbooking, making sure crews get there on time, and, most importantly, once you are on board one of our aircraft, you will not be removed, and certainly law enforcement will not be allowed, other than for safety or security.

So I think we have covered most of those issues. And, of course, we will offer incentives and financial remuneration, along with alternative solutions to get to your destination.

So it is a start, sir, and I think we will move forward. You will see us do that, and I hope I do earn your trust.

Mr. SMUCKER. Thank you. I am out of time.

Mr. DUNCAN. Thank you very much.

Mr. Sires?

Mr. SIRES. Thank you, Mr. Chairman. Well, first of all, the—what happened is awful for your industry. And I know you are uncomfortable sitting before us. But you know what is more uncomfortable? When you have friends that travel your airline and they have a lousy flight, you jerk them around, you send them—they miss the flight, and then they call you up and say, “What are you going to do about it?” These are lifelong friends.

And last summer I had friends of mine that traveled to Europe out of Newark, which—I represent part of it. And 9:30 they were supposed to take off, 1:30 they cancel the flight, put them in a hotel, no luggage. Next day you send that to the wrong city. They had to get a van to go and travel to meet the schedule that they had in Europe. And I had to listen to all that from my friend, “What are you going to do about it?”

My question to you is are you too big to manage your industry? Have you grown so big that you can't manage—I mean you are moving 186 million customers a day. Do you consider yourself too big to manage? Because I was listening to the former Virgin Air founder Richard Branson. And one of the things that he suggested is that this industry is getting out of control, just getting too big to manage.

Mr. MUNOZ. I think the value of the large footprint that we and other airlines at this table have is the ability to really connect customers to all parts of the world through our various networks. The large—

Mr. SIREs. You can do that with smaller airlines and still, you know—one big, humongous airline—

Mr. MUNOZ. With all due respect, sir, it is a little bit more difficult than that. The handoffs that we do have today can be difficult, and are continuing another concern that we have of ours. But I think the large-scale certainly provides and allows for some more freedom of choice. But also the complexity is something that we have to better manage.

We are an organization that—around policies and procedures on safety that work very well, and—but again, to your point, it is important that we localize that customer service, not in a broad perspective. And every one of our stations, every one of our folks are very keen and focused on that.

Mr. SIREs. Mr. Kirby, I assume you are responsible for the size of the seats in your airline?

Mr. KIRBY. I can certainly answer questions about them.

Mr. SIREs. Well, you know, I would tell you to consider that people are getting larger in America. And the idea of making the seats smaller is not safe.

Mr. KIRBY. Well, sir, safety—

Mr. SIREs. Three minutes? I don't think I can make it out of a plane in 3 minutes.

Mr. KIRBY. Safety is our number one concern at United Airlines, and we are focused on safety.

As to seat size, we are trying to offer our customers more choice, and—

Mr. SIREs. Well, that brings me to another question. Every time you want to do something, you have got to pay extra. I mean if you want a window with a—you got to pay extra. If you want a little extra seat in the front, you want extra.

Mr. KIRBY. Yes, sir.

Mr. SIREs. I know you are saying that it is—you know, that it has to do with the price of the ticket and everything else. But pretty soon you are going to charge to use the restrooms.

Mr. KIRBY. Sir, we are never going to do that. But it does have to—

Mr. SIREs. You are not going to do that?

Mr. KIRBY. We are not going to do that.

Mr. SIREs. I appreciate that.

Mr. KIRBY. But it does have to do with the price of the ticket. It costs the same to fly an airplane, whether you have 150 seats or 138 seats on board, essentially the same. And if you take 12

seats off to create more room on the airplane, you are going to have to charge more.

Mr. SIREs. If you take up more room.

Mr. McGEE, can you respond to that a bit?

Mr. MCGEE. Yes, absolutely. Congressman, today we have heard an awful lot about pricing. And we hear this sort of charge over and over again, that prices are lower than ever when adjusted for inflation. We have heard it several times today.

The fact is that that obscures several key things. One, of course, is the fees, as you pointed out. Years ago we didn't pay to sit by a window, we didn't pay to bring a bag on, et cetera.

Mr. SIREs. Do we have any idea how many fees the companies charge?

Mr. MCGEE. We see that every day they are not only higher and higher fees, but new fees. And now, for the first time, admittedly—

Mr. SIREs. The airlines are making money. It is not as if the—

Mr. MCGEE. No question about that. There is no question they are making money. There is no question that the price of fuel has gone down. So, you have apples to oranges comparisons there, but in addition, even just within a given route, the fluctuation in fares is so great.

We have seen, time and time again—the DOT puts out a quarterly airfare report four times a year that shows where there is competition from low-cost carriers, from Spirit, from JetBlue, et cetera, fares go down.

In fact, there was even—as Mr. Jordan well knows, the DOT called it the Southwest effect to address this back in the 1990s.

When there is no low-fare competition and the majors are competing with each other, or not competing with anyone, effectively, in many markets, fares—disproportionately—when we talk about average fares, the disproportionate rate between the lowest and the highest is so great that passengers all over the country are getting gouged. There is no competition.

If you would allow, if I had a moment, I can just tell you—this is on a low-cost carrier, mind you—coming here yesterday—I received the invitation last Wednesday, and flying from Connecticut, where I live, I went on last Tuesday night at midnight, 43 minutes after midnight. I found a fare of \$398.40. Unfortunately, my credit card had a problem, which we don't need to get into today, but—I am a consumer advocate, not an airline executive.

I went back on 7 hours and 36 minutes later. That price was now 648.40 on a low-cost carrier. That is \$250. That is a 61-percent increase in 7 hours and 36 minutes. There are not too many businesses that charge such a wide variance in price for the exact same product. Luckily, my credit card worked the second time.

Mr. SIREs. Thank you, Mr. Chairman. I am sorry I took so long.

Mr. DUNCAN. Thank you.

Mr. Sam Graves.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Chairman.

We have certainly heard a lot today about everything that has gone wrong, and I am going to give you the opportunity—and we will start with Mr. Munoz. So, what is going right?

Mr. MUNOZ. Sir, thank you for asking that question. What is going right, at least from the United perspective, that over the last 18 months, our operational reliability has improved to a degree that, in this month, we are finishing first in the four publicly reported metrics.

So, we have learned—I have learned over the course of my time, when it comes to customer service and customer needs, there are three basic things that people want.

First and foremost, despite what they say about all of the other important items like food and seats, reliability is the most important one. Get me where the heck I asked to get to.

So, we have been investing in our people and our business and our resources to ensure that reliability has improved, and it has improved mightily.

Second, an issue of concern with customers is flexibility. We are almost a 100-year-old company. Safety is a main driver for us, and safety is so important that the rigorous application of policies and procedures is a discipline that has carried over into our customer service area.

That is where we have to make the changes. That has been our next sort of approach.

Then, lastly, with regards to information, if something is going wrong, tell me the hell what is going wrong and tell me as quickly as I can so you don't sort of upset my timing and schedule.

So, that is what—we have been working on those things, and the incident of a few weeks ago was a horrible incident that we are never going to repeat, but the trajectory of our company in that regard has been doing very well.

Mr. GRAVES OF MISSOURI. Mr. Sprague?

Mr. SPRAGUE. Congressman, thank you for the question.

I think I would lead with, at Alaska Airlines, our employees—employee morale is high, and they are very focused on doing a good job for the customers, and they are working very hard in that regard.

I had a bit of a complaint when I flew out here yesterday on Alaska Airlines. The inflight Wi-Fi was slower than I would have liked, and yet, when we think about it, it wasn't that long ago that the notion of being able to do your email onboard a flight at 30,000 feet would have been unheard of, and yet, we are taking that on as an opportunity to do even better, and we will be installing satellite Wi-Fi across our fleet so that we can improve that part of our customer experience.

I think that is an example of—to answer your question very directly, one of the things that is going right in the industry is the innovation. Airlines are investing in their product, and they are doing it with innovative new approaches to technology and service to make the customer experience as good as it can be.

Mr. GRAVES OF MISSOURI. Mr. Jordan?

Mr. JORDAN. I think—I am speaking for Southwest—so many things are going right, particularly on the customer service side. The NPS scores, how we measure service, are the best that they have been in the last 3 years. They are 11 points higher. OTP is 7 points higher than 2 years ago. The mishandled bag rates are the lowest they have ever been in the history of our company.

The complaint ratios, even though we enplane 12 percent more customers than 3 years ago, they are nominally lower today.

So, I think a lot is going very well on the customer service side, and just briefly, you mentioned seats. We are in the middle of retrofitting quite a bit of the fleet with a new seat, and that seat is actually wider and with better effective pitch, so the personal room for the customer is actually getting better.

So, I think there are a number of things that are going better for the customer in terms of customer experience.

Mr. GRAVES OF MISSOURI. Ms. Philipovitch?

Ms. PHILIPOVITCH. Thank you for the opportunity, Congressman.

It is a time of great optimism at American Airlines, and just in the past 3 years, we have added more than 10,000 new team members to our American family. We have increased our team members' compensation by an average of more than 35 percent. We have added 100 new routes, and our team members have delivered amazing results, improving our reliability, and we have seen customer satisfaction scores going up, and this is all at a time where we are making unprecedented investments in our product and our customer experience. So, we are really excited about what the future holds.

Mr. GRAVES OF MISSOURI. Thanks, Mr. Chairman.

Mr. DUNCAN. Well, thank you very much.

Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman.

I represent Las Vegas, and this is a place that knows a thing or two about customer satisfaction and hospitality and service.

We welcome over 43 million visitors to my district every year, and many of them come through McCarran International Airport, which is also in my district.

Now, I have often heard my friend, Jim Murren, who is the head of MGM Resorts International, say that people talk about their experience from the moment they leave their home, all the way through the trip, to the time they check into his hotel, and that leaves a lasting impression on them about the quality of the visit they have.

Now, he doesn't want to have to buy breakfast for some angry customer like Mr. Capuano here when they get there because they have lost their bag or they had to wait for an hour to get a cab or they had an unpleasant flight experience, and I am sure you do not want to deal with that same kind of customer either, but it is no wonder that they exist.

We have heard all these stories about ticketing systems crashing that leave passengers stranded, long lines passing through security, baggage fees that push customers to take their suitcases on-board, and despite the fact that you say one goes up and one goes down, they are cramming them all up there, bumping into people while they do it.

You know, add that to the xenophobic policies of the administration who are doing this extreme vetting and checking your Facebook or email or whatever when you get on the plane.

It is no wonder that people come kind of girded for battle.

So, I have some sympathy for what you are having to deal with, but this is my question. We have heard all this kind of ranting

about how bad the airlines are and all these unfortunate experiences, and yet, pretty soon, this committee is set to consider a proposal to privatize air traffic control and hand over billions of dollars' worth of investment and assets to a private corporation that is going to be controlled by you all, by the airlines, and then you will be able to run it as you see fit.

Now, I am opposed to that for a number of reasons, primarily because of how it is going to leave customers kind of in the lurch, but my question is, what do you have to show that means you are going to be able to take over this corporation and do well by your customers from that angle any better than you do from your angle that you are now?

For example, there are questions like, how much is the traveler going to have to pay to this corporation? What kind of things have you done at your airlines in terms of routing that might be better that you will do through this corporation, in terms of investment in technology, management decisions? What have you done about your own scheduling?

All of those questions that have seemed to be criticized today—how are they going to translate into your being able to control the air traffic control system through a private board?

So, maybe you all could just tell me some of the things you are doing that would make an argument for why you should control that aspect of airlines, as well.

Mr. KIRBY. Thank you for the question, Congresswoman, and we believe that one of the ways we can actually help our customers is through ATC privatization. The worst thing we do to our customers is the long delays and cancellations, and those lead to customer service problems. They lead to the customer that gets to McCarran and is upset, and we want to fix that, and the FAA is a fantastic partner, and they want to fix that, as well, but they are handicapped today by the model, by the model where they do annual budgets, where investing for the future and the kinds of investments we need to make for the future are hard for the FAA to do in the normal course of business in the Government, and the kinds of things that we could do to make the process better is, for example, you know, getting—you know, you have more sophisticated GPS technology in your car than we use in aircraft today.

We have the systems, and we could fly straight line routes, but we still fly zigzag highways in the sky to get from Washington to Las Vegas.

We could do things like continuous descent approaches. So, today, we are at 35,000 feet. We step down in each one. It is like driving your car and slamming on the accelerator, then hitting the brake, and slamming on the accelerator, and we burn gas, and we take more time.

All of that could allow us to fly shorter paths and get our customers there quicker, and we believe that it is one of the best things we could do for customer service, is to reform the ATC program, and one of the best ways to do that is FAA privatization, not because the FAA is doing a bad job. They do a wonderful job, but the process is designed to be difficult, particularly for making long-term investments.

Ms. TITUS. What guarantee does the customer have you will do any better job at that than you are doing now with just getting them on the plane or dragging them off?

Mr. KIRBY. Well, we are—while we do have bad incidents like what happened 3 weeks ago on United Airlines, we are carrying 86 million people safely this year.

As all of us talked about in the last question, we are getting better at running reliable operations, and in this case, we have the exact same incentive. What is better for our customers is better for the whole air traffic system. It is better for our economy, and we have the same set of incentives.

If we can fly more efficiently, that is good for our customers to get in there faster, but it is also good for fuel burn.

Mr. DUNCAN. I am sorry. We have to take a 5-minute recess at this time. We will be in recess exactly 5 minutes.

[Recess]

Mr. DUNCAN. We will go ahead and start back, if everyone will please take their seats, and the next Member to ask questions is Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman.

I do not want to go down the road here, in my 5 minutes, of telling you how to run your business. We get far too much of that from Capitol Hill, it seems to me, and you know more about running your business than probably most of us here.

I do want to come to you, though, as a consumer, a consumer who just spent, two weekends ago, 30 hours getting from Washington, DC, to Minneapolis, Minnesota.

I and another colleague were stranded at Reagan for a day-and-a-half, without, frankly, adequate communication from an airline.

We had our flights delayed for 2 days, delayed for an hour, delayed for an hour, delayed for an hour, then at the end of the day, canceled. It would have been much easier had the flight been canceled right from the get-go. This was due to the weather disturbance in Atlanta a couple of weeks ago.

So, as I say, I understand the constraints with which you run your industry, and it has got to be somewhat gratifying, given the good financial health you appear to be in, to prove Warren Buffett wrong. That is a good thing.

When a guy that said the industry was a death trap for investors is now investing in the airlines, I think that is a good thing, a lot better than bankrupt airlines.

So, I want to make certain that we can arrive at some solutions, potentially, today to make the flying experience better for people like me and my constituents and everybody across the country, while also maintaining profitability and operating at full capacity, which has been the goal for quite some time. There is no other way to run the business.

You can go back to 1978, but in those days, of course, travel by air was reserved for upper middle income. Today it's every man's way to travel.

So, having said all of this—and I don't want to focus on—well, let me start with this—and I will open it up with Mr. Munoz, and that is, there has been a lot of talk about air traffic control reform, and since we are operating at full capacity, which is the best way

for the airline to remain profitable, would air traffic control reform have an effect on the flying experience?

For instance, my situation, when—when you have got capacity so constrained and there is one hiccup, whether it is weather or whether it is crew or whether it is anything, you are going to have a ripple effect.

Would reforming ATC have an effect, and what kind of an effect?

Mr. MUNOZ. It is an incredibly outdated system, as you may well guess, which led to some of those events. We think it would have a lot of improvement.

Mr. Kirby just answered a question a few minutes ago. I would ask him to, just for continuity purposes, I invite him to answer, as well.

Mr. KIRBY. It would lead to dramatic improvement, we believe, over time, for customers to be able to fly faster and get to the destination faster, which does put more slack and more capacity into the system.

It probably would not have—given what happened at a different airline for that weekend, it probably would not have had much effect on that, but it would lead to overall improvement for customers, because we could spend less time with the airplanes in the air and parked on the ground, and more time getting the customer there quickly.

Mr. LEWIS. If it increases capacity, would you then just—supply and demand tend to meet—would you just increase loads again?

Mr. KIRBY. Well, it is likely that it would increase flying at that point, over time, and that, I think, would still be—that would be really good for customers. As we increase flying, you know, fares—supply and demand on that side, as supply tends to go up, fares tend to come down, and we could carry even more customers every year.

Mr. LEWIS. Thank you.

Mr. Jordan, Southwest came out of the airline deregulation, great success story. There is one thing you do that a number of the other airlines operating on the a la carte system don't do, and that is you put the bags within the ticket price.

It seems to me, again, there has been a lot of talk about stress from this panel today, flying, and one of the stressors seems to be, in some cases, it takes longer to board the plane and deplane than it does to get to my destination once we are in the air, and some critics suggest that is because we have separated—or the excise tax doesn't apply to baggage when you separate it out, when you go a la carte.

You haven't gone down that road. Are the critics right? Is there a problem with boarding? I know we've got zones now and executives are trying to figure out the best way to board, the best way to deplane, but that is—it does seem to be a problem, when you are behind the person that is trying to put their hope chest in the overhead bins.

Mr. JORDAN. Thank you for the question.

Just generally, I think we think what is the best for the customer, just doing what is right for the customer, is to let them take a bag for free, bags for free, not charge change fees, not charge cancellation fees, et cetera, et cetera.

On the operational side, yes, if a customer can check a bag for free, they are going to check more bags, which that results in a smaller number of bags that are brought onboard, because they can check, which allows us to board more efficiently and allows for the overhead bins to be less crowded.

Mr. LEWIS. I see my time is up, but I would like to continue this at a later date, I hope. Thank you all for coming. It takes a lot of courage to show up here given the recent events, and we appreciate it. Thank you.

I yield back.

Mr. DUNCAN. Thank you very much.

Ms. Esty.

Ms. ESTY. Thank you, Mr. Chairman, and thank you for the endurance of the panel, but our constituents have to endure, and that is why we are here. You are not just in the transportation business. You are in the customer service business, and we have seen some rather noteworthy and disturbing failures in the last few weeks.

With the bad weather a couple of weeks ago, I had many calls in my office, and people who see me on the airline every week, talking about how they had been stranded. I had to help a passenger who was in a wheelchair, who was left for 3 hours, just sort of abandoned at a gate, and nobody was keeping track of her, letting her know what was going on, checking to see could she get to the bathroom, could she have any help, and that—on customer service, frankly, no low ticket price makes up for a miserable experience.

With the consolidations that we are seeing, with four of the airlines controlling 85 percent of the traffic—when I fly from Hartford, Connecticut, I don't have a lot of choices, and that is true for my colleagues, and it is, more importantly, true for our constituents. They have very little choice.

You are in a near monopoly position, and I think that is why so many of us are concerned and you are hearing this linkage to FAA privatization.

If the market were functioning well, this could never have happened, Mr. Munoz, never have happened, and we know well that that was a shocking and, thankfully, rare event, we don't want to see violence on airlines, but unless we figure out a way to guarantee that customers are coming first, you are going to see more of that.

My colleague, Richard Blumenthal, is introducing legislation in the Senate today to deal with raising what those required offer prices are, putting in new standards, and I know there has been well drafted—and you know, hats off to the PR folks who helped you draft the response, belatedly, but you can understand why we are skeptical that the market is going to solve it, because it should have prevented this from happening, and so, genuinely, what kind of assurance can we have that there shouldn't be legislation in place, that I don't have constituents telling me about having been diverted to Dulles because of snow and left on the tarmac for 4 hours, standing in sight of stairs, and they just sat there, with no update, for 4 hours.

Now, I understand there are snowstorms, but why couldn't someone roll stairs over? I was getting calls from the plane to my office,

saying can't you do something? We can see the stairs. No one will tell us what is happening. Then they started to run out of fuel.

That bespeaks a focus on the bottom line and having lost the customer.

If the customer is really king or queen, you have forgotten that.

So, how do we fix this? How do we fix this other than folks here, folks here having to draft legislation for you to treat our constituents with the respect and safety that they deserve on the airlines, with the consolidation that has happened, because I think it is really important.

You know, we talk about the importance of customers being able to vote with their dollars. My constituents do not have that choice.

When I am looking at flights, I don't have that choice. If I need to go to be here in time for votes, I don't have that choice. I don't have that, and I can no longer take, like, a 3 o'clock flight and think I am going to get here on time. I have to back it up, because I can't count on that, and the lost productivity is billions and billions and billions of dollars of Americans right now who face the same choice that our colleagues all face, and say, well, I guess I have got to take that really early flight, make sure I get there in time, I might get bumped.

How are we going to fix this? What are you going to do? Not a press release, but what are you going to do in changing your policies, among them, can I suggest, I never want to see a paying customer pulled off a flight to move a crew. You charter a plane if you need to do it, but that should never happen.

You need to move your crews. I get that. We all get that, but it should never be at the expense of a paying customer, ever, and that is going to be the first thing, you know, on a bill I am signing onto, because that is the ultimate—the ultimate indication that you have not managed your system well, and you are asking customers to pay for your failure to manage.

So, genuinely, please come to the table with us and figure out how we are going to set standards in place and ability to hold you accountable, and again, I know none of you want to be here. Frankly, we don't want to be here either.

We want our constituents to be happy. We want them to get there safely and get home safely on time, and we do, too, but it has got to be more than press releases. It actually has to be change and policies and practices and, most importantly, priorities.

Thank you.

Mr. DUNCAN. Thank you very much.

Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman, and thank you, panelists, for being here today and enduring this. Indeed, we have a lot of controversy about air travel recently and over the years.

I think a great point was made about sitting on a tarmac in a plane for several hours. I hope that can be something that could have a lot more attention to that in the future. I think some changes have been made, but to be sitting in an airplane waiting for an undetermined outcome, I would hope they could find ways to allow people to at least deplane during an unknown delay like that, but I am a frequent flier, too.

I fly from the west coast to the east coast. It is about a 5-hour, on average, flight, and so, by and large, it goes pretty well, you know.

I mean, we note that there's 700 million customers that fly successfully every year, and I think that is pretty remarkable.

We have a very tiny percentage that do have, indeed, some of the problems that are being talked about here, but what we also know about flying 35,000 feet or so in the air, you have zero margin for error, OK, not like a land-based vehicle where you can just pull over.

You don't just pull over in a plane. I mean, your options are a little more limited.

So, you have a lot of things you go through to ensure safety before you take off. We have all sat there when they are reprogramming the computer, something doesn't quite go right, they have a mechanical issue they have got to look at, because you know, I would rather they do than they don't.

You also have constraints from competition to keep your planes full.

You know, I use a major airline in my travel, and the first 3 months of each year, my direct flight isn't available, because I don't think the airline can keep the seats full, therefore—I don't want to lose the flight completely having a direct, so I have to hop through Denver or Chicago or something like that for the first 3 months of the year, till the tourist season comes in.

So, we all get there's economic restraints, and that is important. As a businessperson, I get that, too.

So, I guess what it gets down to, though, is that we did have this recent incident here, and you know, legislators, when they read something in the newspaper, they want to legislate, and you all are taking your beating here in the committee here today, and United, especially, and what I have seen United do is take steps, take remedies towards that, and so, my quick question down the whole panel is that—and I think I understood—sorry, I have been in and out of the hearing a little bit for a competing hearing.

Mr. Munoz, you did mention that you no longer have a policy of pulling somebody off the airplane, where you did before, right, that was already seated.

Mr. MUNOZ. That is correct.

Mr. LAMALFA. That is abolished. OK. For the rest of the airlines, would you just quickly on that—did you ever have that or have you since abolished—since this issue?

Ms. PHILPOVITCH. We have recommitted that we will never remove a seated passenger to accommodate another passenger.

Mr. LAMALFA. Thank you.

Mr. JORDAN. For Southwest, same thing. It is our intent to never involuntarily deny somebody who has already boarded onto the aircraft.

Mr. SPRAGUE. I am not aware of us having done it at Alaska Airlines, and same, it is our intent to avoid that situation altogether.

Mr. LAMALFA. OK. All right. So, I think a very big lesson learned very graphically on Twitter and video and everything else, so—I don't always think that there is a legislative remedy from people that aren't in business that deal with it day in and day out, so I

am not quick to think that legislation is needed from Washington, DC, on this issue.

I think let's give the airlines a chance to carry that out.

I did go through the United carriage of contract over the weekend. I had a real slow moment there, and I did not see in rule 25, denied boarding, anything about pulling people off the airline.

Was there ever anything in print about pulling them off the aircraft?

Mr. MUNOZ. No, sir. That is an internal policy.

Mr. LAMALFA. OK. All right. So, that appears to be in the past.

So, I think that what we can also do is we can learn from other people and how they do things, so some of the major airlines versus some of the not quite as big airlines.

So, what would Alaska Airlines, for example, be able to impart to United or to Southwest, and what could Alaska Airlines learn from United or Southwest or American, the bigger ones versus the more midsize ones? What would you be able to share with each other on how you would do things?

Let Alaska go first, Mr. Sprague. What is it you would advise and what would you like to learn from them as a way to do better?

Mr. SPRAGUE. Thank you, Congressman, for the question, and I will be a little cautious with my answer, because this is an industry that has an ability to humble an airline and its employees in a hurry.

There are a number of things at Alaska Airlines that, even with some of the customer accolades we have received, that we need to improve on, and we know that and we are focused on that.

I think that one thing we have found is that giving our employees, our customer-facing employees that deal with our guests every day, as much empowerment as possible—we have a stated company value to do the right thing, and we believe that if we empower our employees and we talk to them about empathy and the Golden Rule that they will do the right thing, and that usually leads to the best outcome for all involved.

Mr. LAMALFA. I appreciate that.

I will yield back in a second, and also, I had a very good experience watching a lady at the counter with Southwest when in Baltimore, during a delay.

She handled things like a pro, but also, she was assertive enough with obnoxious customers to be able to get the job done for the rest of us.

So, there is a very talented line that has to be there with that, and also, Alaska—I like your tail logo the best.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you.

Ms. Frankel.

Ms. FRANKEL. Thank you, sir.

I want to first thank the panel. You know what, you probably feel today like a lot of fliers, very claustrophobic and waiting for something bad to maybe happen. So, thank you for your patience.

My colleagues have done a very good job, I think, in pointing out some problems, and I am not going to pile on. I want to start by thanking the thousands of professional flight attendants and pilots and the counter people that work in this industry, who do very

good jobs and work very hard, and I think what we all can agree, that policies and training make a difference so that they can do their job.

So does having a good civil justice system so people can have private recourse, and it doesn't hurt to have a good cell camera when you need one, right?

I am from Florida, south Florida. We had 100 million visitors last year. Many of them took planes. The airline industry creates 1.3 million jobs with a \$44.5 million payroll in our State. So, we have to get this right.

I have three questions, and just so that you can answer them, maybe if one of you would try to answer each of these questions. I don't need all of you to answer them, OK?

First of all, I would like to know whether the Consumers Union folks ever meet with you all and you could sit down and discuss these issues.

Number two, we have talked a lot about overbooking. I would like to understand what might be the unintended consequences, if any, and how it would affect especially customers if we did not allow overbooking.

Then I think a policy that I know really irritates most of us is the rigid change policies, how expensive it is, and I don't understand why, in this digital age, they have to be so rigid.

So, if you want to take a shot at those three questions.

Mr. MUNOZ. I think United will take the overbooking one, since we have been answering, and Scott's been doing this. I will let him do it.

Mr. KIRBY. Well, first, Congresswoman, thank you for thanking our employees, who, you are right, do a phenomenal job in tough conditions all the time.

On overbooking, we use overbooking to take care of thousands of customers that we would otherwise not be able to accommodate.

One of the most common uses is in a situation where someone has a delayed or canceled flight, and we will then overbook them, those customers, onto another flight that is currently booked full.

Ms. FRANKEL. What is the number of people who are bumped compared to the number of people who are accommodated because of the overbooking?

Mr. KIRBY. So, we, from an over—most of our oversales, where we don't—where we can't accommodate customers come from operational issues, like a weather issue where we can't take a full load of passengers.

We at United, about 15 percent of the time, when we actually overbook a flight, do we actually have more customers show up than are on the airplane, and in that situation, 95.6 percent of the time, we are able to solicit volunteers.

So, it is really unusual that overbooking creates an involuntary denied boarding, and particularly now that we've gone up to a \$10,000 limit on denied boardings, I think we are going to be able to drive that number close to zero, but if we stopped overbooking entirely, there are thousands of customers that we either couldn't sell a ticket to or that, when there is an operational disruption, we couldn't give them another option for how to get home.

Ms. FRANKEL. Next question.

Ms. PHILIPOVITCH. I can take your question about consumer unions.

As you know, the Department of Transportation has a robust consumer protection division that oversees airline issues. They also host a panel with both consumer union members and airlines to get together to discuss issues, so that is a good way that we are able to connection.

Mr. MCGEE. Congresswoman, could I add something to that?

Ms. FRANKEL. Yeah. But I want to get to the rigid change policy if somebody could, yeah.

Mr. MCGEE. Just a quick aside on the issue that has come up several times, legislation versus self-policing.

It should be noted that, during the tarmac delay discussions that were so robust a few years ago, I participated on behalf of Consumers Union at a meeting organized by Senator Boxer, and every airline in the United States was invited, as well as the largest airline trade organization, and not one representative showed up.

For me, that was a turning point for Consumers Union. We were invited to discuss a serious consumer issue, and they didn't even come.

The chairman today noted that some of the airlines that were invited to this hearing didn't come.

So, I think that speaks volume.

Ms. FRANKEL. On the rigid change, the rigid change policy.

Ms. PHILIPOVITCH. I can take that question. I had answered it earlier, as well.

Airlines offer a variety of products to meet differing needs of consumers, and some consumers put a priority on buying the lowest fare and are willing to buy a restricted ticket in order to get that fare, while other customers know they need more flexibility and they prefer to buy a nonrefundable fare.

So, the change fee is something that is basically a way to offer some measure of flexibility when people buy a nonrefundable ticket.

With the change fee, we do allow some flexibility there. So, that is the purpose of the change fee.

Ms. FRANKEL. Thank you, and I yield back.

Mr. DUNCAN. Thank you very much.

Mr. Woodall.

Mr. WOODALL. Thank you, Mr. Chairman.

You know you are having a bad day when the group that is going to lecture you on customer satisfaction is the United States Congress, right? That is a low bar to get over.

I just want to see a show of hands. When somebody gets stuck for 3 hours in the snow in Dulles Airport, whose airline makes more money because those passengers are trapped out there on the runway? Nobody does?

Well, let me ask a different question, then. When the stairs fail to get rolled over to my plane so I can climb down, which one of you has operational control over that airport and is preventing those stairs from getting rolled over to my plane? None of you do?

Well, let me just ask the other question, then. Who is it that is controlling the airspace there on that runway that is not letting planes come and go? Is it the profit-seeking airlines, or is it the

consumer-friendly Federal Government that is controlling those airways?

Can someone help me with that?

I know the answer to this question, and I just cannot believe that we have been sitting in this hearing, again, as if we have the customer satisfaction approval ratings to do it, talking about how if only the Government were to regulate more, we would do better.

The \$1,350 maximum bumped passenger fee that is in DOT regs today—I am sure folks intended that to be a floor, but it is, in fact, a ceiling that developed in the industry.

If you can't roll the stairs to your plane, if you can't take off, just because you want to take off, I want to understand, if we are in the safest aviation environment we have ever been in—as we go back historically, have we been in a safer aviation environment, historically? No.

Well, as we go back, have we been in a more affordable air travel environment ever in our Nation's history?

So, we are the safest we've ever been, we're the cheapest we've ever been, and we want to figure out how to do better for consumers, and we are thinking it might be more Federal regulation that will do it.

Now, I did a quick back-of-the-envelope count on how many flights take me back and forth to Georgia each and every day, and Atlanta is a different case, and I understand that we have Spirit going back and forth, we have Southwest going back and forth, American takes us direct, Delta is going back and forth.

We don't have any shortage. About 36 flights a day take folks back and forth from Atlanta to the region, and competition sorts out the issues.

Does anyone's airplane model allow me not to purchase a bigger seat if I would like one? Has anybody eliminated the larger, more comfortable seats from the model? Nobody on this panel has done that.

So, we haven't eliminated the larger, more comfortable seats.

Whose model has added smaller, cheaper seats? Has American added smaller, cheaper seats in the last 10 years?

Ms. PHILPOVITCH. We have changed density on aircraft in some cases where we have added seats, but we haven't changed the size of the seats.

Mr. WOODALL. Has Southwest added smaller, cheaper seats?

Mr. JORDAN. We have moved to a new seat, but it's actually wider and a more effective pitch.

Mr. WOODALL. I just can't—I just can't understand who it is on this panel that believes we care more about your customers than you do.

I will ask my friends from United. Mr. Kirby, you are crunching the numbers day in and day out. How much has United been advantaged in this past 3-week episode?

Mr. KIRBY. Well, we certainly—this was not—something we regret, and it didn't help us financially, but it is going to help us, by the way, be better in the future, because we are going to learn and be a better airline.

Mr. WOODALL. I regret that I spent so much time on my previous round.

Think about the burdens we place on you. My flight attendants today say, Rob, we are not even going to pay that close of attention to whether or not your bag is tucked up under the seat, whether or not your cell phone has been turned off, because folks are so angry and passengers are pretty tough.

We put these responsibilities on you. Every flight I get on says Federal regulations requires you to follow the flight attendant's instructions.

Your flight attendants had instructions. Folks don't follow those instructions.

What is it—what would the enforcement mechanism be if the Federal Government was not regulating in this place, if it was not true that Federal regulations require you to follow flight attendant instructions? What tool would you use to have a rowdy group of passengers follow your flight attendant instructions, which we need to do in the name of safety?

Ms. PHILPOVITCH. We appreciate the role that the FAA plays in ensuring that policies are in place to make our aircraft and our customers safe.

Mr. WOODALL. I don't believe that there is anyone in this town that cares more about your customers than you do. I don't believe the lesson of United's experience is that customers don't matter.

I think the lesson is that customers do matter, and folks are going to change extraordinarily policies in order to serve their customer base.

We have never been safer. It has never been easier to get on an airplane.

I would tell you, Mr. Chairman, the challenges that we face may not come from the private sector. They may come from right here on this committee and right down the road on Independence Avenue.

Mr. DUNCAN. OK. Thank you very much.

Mr. Payne.

Mr. PAYNE. Thank you, Mr. Chairman.

You know, I have been listening for the last several hours, and let me just associate myself with the comments made by my colleagues on this side of the aisle. So, I won't be repetitious and browbeat the issue.

We are clear where we are in this regard, and also, let me state for the record that, you know, I oppose the privatization of the air traffic controllers.

With that, I have been flying for a while. I am a little older than I look. Well, that is what I am told, so—I remember People's Express, who then became Continental, who then became United, and their hub in my district, Newark Airport, for quite some time, and so, I have seen the evolution and the consolidation, and in some ways, it is positive, in other ways it has been negative, but to me, it appears that Southwest is really setting the standard here in the industry, and I would hope that some of the practices of that airline would be incorporated across the industry.

But with that said, you know, I have had the opportunity to meet with Mr. Munoz on several occasions, as United has really given back to the community where its hub there in Newark, New Jersey, each year, students in my district are interns from Newark

and East Orange and Jersey City, and it's an opportunity to expose young people to careers in aviation at that airport.

These communities are tremendously appreciative of these opportunities.

So, I just wanted to put that on the record for my district.

Mr. Munoz, the incident, you know, obviously, with flight 3411 really has kind of blemished United's reputation, but I am glad to see your company has responded in the changes that it's made to create a more positive experience for your customers.

You know, unfortunately, a lot of times—my colleagues on the other side have talked about regulation, regulation, but there are, unfortunately, sometimes in the industry, a lot of things are reactive instead of being proactive, but I am sure, if it wasn't clear before, this episode has highlighted some issues that the industry needs to come to grips with.

So, how can Congress, the Department of Transportation, and the airlines work together to improve the flying experience for customers, because in the end, that is what we want.

We don't need to sit here and, you know, rehash—we understand—we know—everyone knows what happened. How can we all work together to make the experience more positive for customers, because that is what we want to do as Members of Congress, as well, help you and help the industry, as well, make this a positive experience.

Mr. MUNOZ. Sir, thank you for your comments, and we love our intern program at EWR [Newark Liberty International Airport] and have actually expanded that to other places in the country.

I think—I am new to this industry. I have worked in many other industries, and I have had many a debate and a discussion on all of these matters, and I think, at the end of the day, in open discussion, any more proactive conversation, rather than reactive, is always helpful to us in business.

The problem with introduced legislation or regulation at any point in time is that it is so reactive, and it doesn't really apply to the business needs, and if there is some way we can do a more open debate and conversation between aisles, between the different companies, I think it is important.

It is the old how-can-we-all-get-along aspect of that, and I think it is an important one to note. Just as we govern the country, as you govern us, I think it is important, but the end all has to be the customer at the center of the universe for us, and I think what you have heard from this panel is just that focus.

Mr. PAYNE. Thank you.

Chairman, I will yield back.

Mr. DUNCAN. Thank you very much.

Mrs. Comstock.

Mrs. COMSTOCK. Thank you, Mr. Chairman.

I guess we have gotten to that point in the hearing where all the questions have been asked but not everyone has asked them, and also, you know, many of the questions that we have already heard from, I would associate myself with, and you know, genuine concern, and really, you know, it was appalling for everyone to see this, as I think has been expressed, and I do appreciate, Mr. Munoz, your recognizing that and your very strong statement on

the initial—the whole incident, responses, and the detailed plans that you have come here to outline for us, and I hope we will continue that dialogue, and as I heard Mr. Davis earlier talk about the survey that he took, I hope you will take into mind, you know, focus groups, surveys, reach out more to the flying public to hear from them, and in that regard, this is a little different than some of the questions we have had before.

I wanted to point out something that we have highlighted in a working group that we have on women in the workforce and that studies show—I know it's a little off what we have been talking about, but studies show that companies with three or more women in senior management functions scored higher in key factors of leadership, accountability, and innovation, and more than companies with no women that are the top, and I know, you know, when I look in the transportation industry, in general, and in aviation, it is very male-heavy, and you know, the boards also are that case.

So, I would ask, as you are looking at this and making improvements and taking into account all of the things that we have discussed here today, sort of the diversification of boards and taking that opportunity, I think technology is something we can use much more, but also technology that really takes into account the lives of your flying public.

I recently, you know, was—you know, I go online. I do a lot of my things online. I was recently flying, and I wasn't alerted, as I normally would be, that the flight was canceled, and when we got there, quite a few of us—it wasn't United, so I won't say who, but quite a few of us were not informed of this cancellation that had been canceled fairly—you know, several hours—I could have changed flights.

So, I hope you will have board members who really sort of understand the on-demand economy, understand the diversity of the flying public, and the needs, and use technology and communication to improve, you know, letting people know, because in the case that I was in, if I had known beforehand, you know, I might have been able to be that one, OK, no, I will stay here a little longer, adjust, let me know, and then, also getting people, you know, when you're there in line and you're in that frustrating situation, all of us have our devices.

It is a lot easier to do that than be standing in line, and oftentimes, you just need to have a person there saying go here, do this, so really having that consumer service mentality that we have talked about today.

So, I just wanted—maybe all of you could maybe highlight some of the ways that you are using technology and efforts that you are making to diversify your management, diversify the boards, and having who is working in our airlines more reflective of the flying public.

Mr. MUNOZ. I will start. With regards to women in the workforce, I have five sisters and two daughters, and so, I can tell you that my focus is keen in that regard.

In our organization at United, we probably have one of the most diverse management teams, certainly in the industry, if not the country.

Our chief technology officer happens to be a woman, our chief customer officer, my chief of staff, and so, we are very cognizant of that.

We have two women board members. Our board in total needs some work.

Mrs. COMSTOCK. How many? Two out of—

Mr. MUNOZ. Fifteen.

Mrs. COMSTOCK. OK.

Mr. MUNOZ. We had a proxy situation, so we have an oversize board.

With regards to the technology application, that is one of the most exciting things, and we don't have enough time to really walk you through it, but I mentioned an in-the-moment application.

We have rolled out 60,000, 70,000 iPhones with applications that actually assist our employees assist our customers, information and data about who is flying, where they are flying, connections, and now we are going to have an additional application or a capability that allows you to solve—allows our front-line folks to solve issues right on the spot.

So, it is a whole broad aspect. I could talk about big data and personalization and some of the things that we are doing in the future, but I will yield some time to somebody else that may want to answer.

Mr. SPRAGUE. Congresswoman, I might just comment on the Alaska Air Group board of directors. It's 40 percent female and has other elements of diversity represented on the board, as well, and we believe we are one of the most diverse boards of any Fortune 500 company in America. That sort of sets the tone for us.

I would tell you that our senior officer group at Alaska does not have quite that same good percentage, but we are working towards that, because we do recognize the benefits that you spoke to of having that diversity throughout not just the leadership of the company but throughout the entire company.

I would also say, on the technology front—I mentioned it in my prepared testimony, but we have outfitted our entire customer-facing employee group of flight attendants, as well as airport customer service agents, with mobile devices, so they have readily available information on all of our customers, and importantly, our empowerment tool kit is available to those airport customer service agents in the moment on that device so that they can address problems quickly.

Mrs. COMSTOCK. Thank you.

Mr. JORDAN. Congresswoman, we all have a long ways to go.

Mr. DUNCAN. We will have to do that very quickly for the next two.

Mr. JORDAN. I am proud to say that, at Southwest, to just take a few examples, our CFO, our VP of inflight, diversity, our controller, our VP/internal audit, our VP/communications, VP/revenue management, VP/technology—and I could keep going—are all female, and so, we have got a very targeted activity there, and not just to increase diversity but because they are the right people for the right positions.

Ms. PHILPOVITCH. Diversity and inclusion is a core value at American, and we have a number of females on our senior leader-

ship team, myself included, and I am proud to represent American today.

Also have been focused on building diversity within our leadership team and our board, and to your point about technology, I wish we had more time to talk about it. We have a lot of exciting changes coming.

As I mentioned before, service recovery is one of our most important customer service initiatives, and that really includes being better able to communicate timely and accurate information to customers, particularly during disruptions, and giving both our employees and our customers the tools in order to provide options and solve problems.

So, we have a number of new pieces of technology coming out this summer, and I would be glad to tell you more about them later.

Mrs. COMSTOCK. Thank you, Mr. Chairman, and I would appreciate having some more along those lines, discussion on the technology.

Mr. DUNCAN. Thank you very much.

Mrs. Lawrence.

Mrs. LAWRENCE. Thank you so much.

To everyone that is here today, thank you for coming.

There is, I feel, a very direct need to address the term "overbooking." It implies lack of efficiency.

You have X amount of seats, and then you have X amount of customers.

We keep using a term that is automatically perceived as being inefficient, and I think we need to look at that from a marketing—you all are in customer service.

I don't want to be overbooked anywhere. When I—when you take my reservation, I expect for you to honor that. That is just a whole marketing piece that I think this industry needs to look at. You need to relabel it or call it something else.

I want to know from the panel that is here—because I have found every time there is a correction—let's give an example. We validate the enormous amount of fees on luggage because of fuel costs, and now we're saying—now I heard today that we are able to give lower passenger fees, because we charge more for luggage.

Are we going to now see an increase justified by the fact that, now, if I take you out of a flight, I will give you up to \$10,000.

So, can I expect a justification for an increase in travel based on these new policies that you all are touting, because to give me \$10,000 for kicking me off a flight is a lot of money, because I don't know too many tickets that cost \$10,000.

So, am I now going to hear from my customers that the prices of our plane tickets have gone up as a result of this enormous response to something that was totally inappropriate?

Then the last thing I want to put—and then you can answer.

I am always so frustrated by the frustrated staff when there are delays. I have had the counter clerk be so hostile to the—she says don't ask me any more questions, I am telling you everything I know, and she or he are overwhelmed, and I had an example—and it was none of you that's here—where the flight attendant stopped the line of boarding because he wanted to take the orders of the

first class for their drink orders and said would you please wait here and stretch for a minute, I need to take care of them, and backed up the loading.

We need to understand, and some of you seemed a little frustrated by the questions.

We are customers, myself, all of us, and customer service is something that—I don't know why Southwest is so darn happy every time you are on their flight. I don't know what they give them, happy pills or what, but they're just like happy, come on in, we are so excited, and then some of them are so uptight, and I see these flight attendants running to get on a flight because they are holding the flight for them to get there.

So, please, in the few minutes that's left, those are the concerns I have, and I would like some answers.

Ms. PHILOPOVITCH. We, as leaders of airlines, we own the morale and the mood of our teams, and we know that, and we accept that responsibility, and it is our responsibility to take care of our teams, make sure they know we care about them, that we have provided the right tools, the right resources, the right support to deliver—

Mrs. LAWRENCE. Do you recognize you need to improve in that area?

Ms. PHILOPOVITCH. Absolutely, we recognize that we need to improve, which is why that we are here today. I apologize if we have seemed frustrated with questions, because it is really my honor to come and reiterate American's commitment to serving our customers well.

Mrs. LAWRENCE. I am glad to hear that. I am glad to hear that.

Can someone address—will there be an increase as a result of this new policy?

Mr. KIRBY. No, ma'am, and in fact, we think that, by the new—not just this policy but the new policies we have put in place, which really do allow our employees to have the tools to use their common sense to solve customer problems, by leading to better customer service, will actually help us and will lead to a more profitable airline.

We don't view this as a cost or something that is going to cause us to drive ticket prices up.

Mrs. LAWRENCE. Mr. McGee.

Mr. MCGEE. Thank you, Congresswoman.

There has been a lot of talk about cost today, and price, but I think when we dig down into the weeds on these issues, we find that there is not always a correlation between an airline's costs and the fares that they charge.

Just last week the Economist noted that jet fuel prices had fallen by half since 2014.

The profit per passenger for airlines in Europe is \$7.84.

The profit per passenger for airlines in North America is \$22.40, three times more, and they stated, when costs fall, consumers in America fail to enjoy the benefits. So, you have hit on a very key issue.

We are told that if we don't check a bag, we are going to see a lower fare. Well, I didn't check a bag yesterday, and as I pointed out earlier, on my flight from Bradley International Airport, it was a \$250 differential in 7 hours.

It is very hard to tell consumers that, you know, they are going to see a lower fare when they do certain things and then they don't.

Mrs. LAWRENCE. Thank you all.

I yield back.

Mr. DUNCAN. Thank you very much.

Mr. Sanford is next.

Mr. SANFORD. I tell my boys all the time that life is a series of course corrections, and what you don't get right in one day, you may get right the next, and to err is human, and I guess, with that in mind, you know, what happened on the United flight was a disaster, just cutting to the chase, and there is no getting around it, and some of what my colleague, Mrs. Lawrence from Michigan, just mentioned in terms of the way in which a passenger is handled at times is equally disastrous, but I would go back—it was actually Churchill who said never let a good crisis go to waste.

Rahm Emanuel actually changed just one word in that phrase. He said never let a serious crisis go to waste, but in essence, he was paraphrasing Churchill, and what he was getting at is Government has a tendency, in the wake of any disaster, to react, at times to overreact, at times to overregulate, and at times to fight yesterday's battle, and so, what may be supposedly a remedy turns out yet to produce another consequence that the people didn't see coming in terms of higher bag pricing or whatever else, and so, I guess my question to each one of you all is to follow up on what my colleague from Georgia was getting at, which is, you know, in some cases, Government creates some of these problems, given the conduit that you've got to work through on a daily basis.

If you were to pick three regulations that cause you either to not give some of the service that the customer would expect or to price things a bit differently, what would be the three regulations that you would choose to erase?

Mr. MUNOZ. I am going to let Scott, who has been in this industry quite a while, across other airlines—he probably has a good view on that. I have my own.

Mr. KIRBY. I am not sure I would call—they aren't necessarily regulations.

High on our list would be for our partners at the TSA and the Customs and Border Protection to have more ability to plan in the future and respond.

You know, some of our worst—some of our hard customer experiences at long TSA lines—it has been mentioned by a number of Members today—and Customs and Border Protection, where we will have situations where we have hours long backups at Customs and——

Mr. SANFORD. OK, but that is a Government action. I mean, you punted on my colleague's question, and I want to bore back down.

Are there a couple of things that Government, you think, ought to do different from a regulatory standpoint that would help you to serve customers better?

Mr. KIRBY. Well, you know, high on our list would be FAA privatization, because we believe it would really—that is one of the biggest thing that we could do to ultimately serve customers better, because——

Mr. SANFORD. OK, but that's a big broad umbrella. I want to get down in the weeds. Are there three specific, small things that are pint-sized, measurable, specific, and achievable in nature that would help you to better serve the customer?

Mr. JORDAN. I think one would be just our—the full fare advertising regulation, just the ability to make it very transparent, because it includes just the taxes today, but just to put us all on a level playing field.

Mr. SANFORD. OK. That's one.

Ms. PHILPOVITCH. That would be one that I had on my list, as well. We don't have the ability to—

Mr. SANFORD. OK. I've got that. That's one.

Ms. PHILPOVITCH. Then also just regulation around GDS, the global distribution systems, in how we display and sell our products—relaxation there would be helpful.

Mr. SANFORD. OK. We are at two.

Mr. MUNOZ. Sir, I would add in—we talked about the carriage and the charter and the thick documents. I think that Chairman Shuster is correct. A lot of that verbiage is driven by things that have happened in these rooms, and as we move to a more streamlined approach, it would be helpful to be able to work back and forth on how we can reduce some of that density.

Mr. SANFORD. You're general. Could you be more specific?

Mr. MUNOZ. You all place a lot of stuff on us.

Mr. SANFORD. Like what? I am trying to get to three.

Mr. MUNOZ. I haven't been in the business long enough to understand, but I know it from other—

Mr. KIRBY. Well, I agree the consumer-facing rules are the ones that are most frustrating for us, because we feel like we are not adequately—there's a number of rules within advertising where we would like to actually more clearly communicate to customers, and we would like our partners who sell tickets, people like Expedia, to clearly communicate to customers, and there's a host of specific rules in there. I don't know the specific—exact rules now, but we just have a whole set—similar to what my two colleagues referred to—of rules we have a bunch of requirements to communicate to consumers, and we wind up confusing the issue. We would much prefer clear communication.

Mr. SANFORD. Mr. McGee, would you see that from a different vantage point? Again, I am trying to get really specific.

I just saw a note passed to Mr. Jordan. Did you have a good one that he just handed you? Then I will come to you, Mr. McGee. My staff does that to me, so I get it.

Mr. JORDAN. Yeah, this is an old one, revenue diversion, so taxes and fees should stay within the aviation system.

Mr. SANFORD. Yes, sir, Mr. McGee. I'm sorry.

Mr. MCGEE. Thank you, Congressman.

We have just heard from several airlines that they are looking for less regulation on fares and fees and how that is translated to consumers.

From our perspective, yes, we have an absolutely different perspective.

The airlines are the ones that are imposing these ancillary fees. They say they are optional, but as has been pointed out here today,

for many people, not taking a suitcase is not an option, it is necessary, and yet the transparency on getting a full and complete fare, inclusive of mandatory taxes and fees that we all have to pay, and ancillary fees that the airlines impose at their will—that has become more cumbersome and more difficult from a consumer perspective both on airlines' own branded websites and on third-party sites than it's been.

Mr. SANFORD. Thank you.

I see I have gone over my time. Thank you, Mr. Chairman.

Mr. DUNCAN. I am required to call a 5-minute recess at this point, 5 minutes.

[Recess]

Mr. DUNCAN. Let's go ahead and have the witnesses and others take their seats, and we will go at this time to Mr. Nolan.

Mr. Nolan is next.

Mr. NOLAN. Thank you, Mr. Chairman, and I want to thank all the witnesses for being here and being candid and straightforward, and I am particularly grateful for your assurances that what has happened to some passengers in recent weeks and months and other times when they didn't necessarily get recorded on video—we appreciate your assurances that that will never happen again, and I am sure everybody in the country will be watching to make sure that those assurances are fulfilled, and we are grateful and thank you for that.

I am going to just, quickly as I can, relate a recent incident, and then ask you to respond. My colleague, Congressman Lewis, and I were at the airport a couple weeks ago on a Thursday, and because of weather, our flight was delayed and delayed and then delayed again and delayed again, and nobody was able to get any opportunity to discuss with anybody on the airline any alternatives that might be made available.

Our distinguished acting chairman, Mr. Duncan, pointed out that, some years ago, people in Russia had to wait as many as 4 days to get an alternate flight. Well, that is exactly what happened to us here in our Nation's Capital.

After the flight was finally canceled—again, no opportunity to talk with anybody to get any information about anything, nobody offering compensation for hotels or food, or nobody offering to put anyone on another airline—everybody was just unilaterally informed that they wouldn't be able to get a flight out until the following Monday, and of course, it was Cherry Blossom Festival, and hotels are running \$500 or \$600 a night, and needless to say, there was a lot of very upset people, and understandably so.

Mr. Lewis and I were able to get a couple of tickets to a nearby city, and through a number of efforts, including my granddaughter, able to get back home, but there was—because the airline was overbooked in every flight, there was no place in America we could fly to and catch a connecting flight to get back to Minneapolis, Minnesota. I never would have believed that was possible. For crying out loud, we could have flown to London and back and, you know, gotten home in a timely manner.

So, my question of each of you—and I know we have only got 5 minutes here, but what kind of policy does each of you have for compensation for people that are caught in those circumstances?

I understand weather caused the initial—but you know, can we extend the cause of weather to the second day, the third day, the fourth day, the fifth day? I mean, what kind of compensation do you offer—what kind of alternatives do you offer for other airlines, and what kind of communications do you offer to your customers in a situation like that, which is so troubling and confusing and difficult for so many airline passengers?

Please.

Mr. KIRBY. Thank you, Congressman, and I hope that wasn't United. I think it probably wasn't, but—

Mr. NOLAN. It wasn't one of the airlines who is represented here today.

Mr. KIRBY. It was Minneapolis, so I guess I know who it was.

Mr. NOLAN. Yeah.

Mr. KIRBY. At United, those follow-on cancellations—our policies will be to take care of the customers and treat them as if they are cancellations that are caused by us, and so, to try to provide accommodations in follow-on cancellations that are occurring.

Mr. NOLAN. Would you put them on another airline?

Mr. KIRBY. We put several hundred thousand people on other airlines, and in those situations, our focus in any of those situations is to take care of the customer first. Our operating people are not concerned with a P&L. They are focused on taking care of the customers.

Mr. NOLAN. All right. Thank you, Mr. Kirby.

Mr. SPRAGUE. The same, Congressman. One thing I would add to your question is communication is incredibly important in those situations, and so, we have minimum guidelines for intervals between communication updates that we ask our staff to adhere to, and we have also started asking our captains, who we know our customers have deep respect for, in certain irregular operation situations, to also provide an update.

Mr. JORDAN. Congressman, really, the same thing. We treat those follow-on cancellations the same way. We provide vouchers for hotels and meals and those kinds of things, but the desire is constantly to take care of the customer.

Ms. PHILIPOVITCH. Likewise for us at American, and as I have mentioned before, service recovery is really one of our top priorities, and I think your experience is illustrative of the importance of that, and when we get into irregular operations, making sure not only that we are communicating with customers but we are providing options and providing compensation, so that is something that will always be our focus, as well.

Mr. NOLAN. Mr. McGee?

Mr. MCGEE. Thank you, Congressman.

Your joke about flying to London and back may not have been as absurd as you would think, because 2 years ago, I was on a Delta Airlines flight, of course a U.S. carrier, out of Brussels. There was a mechanical delay for 4 hours. It was handled beautifully, it was textbook, and my companion said how would you rate Delta in how they have handled this, and I said A-plus, but then I pointed out that had the exact same delay, the same mechanical problem, same aircraft, same crew, occurred not in Brussels but in Atlanta, Delta's hometown, the results would have been very different.

The reason was that we were flying on a U.S. airline and the reason we were treated the way we were and it was handled so beautifully, with the meal vouchers, with the updates, with accommodations, was because the EU rules were in effect, even for foreign airlines in the EU, and when left to their own devices, unfortunately, situations like yours are not as rare as we would hope.

Mr. NOLAN. Thank you, Mr. Chairman. I yield the balance of my time.

Mr. DUNCAN. Thank you very much.

Mr. Katko.

Mr. KATKO. Thank you, Mr. Chairman, and I thank everybody on the panel for your testimony. I know you've been here for quite a while, and it's almost over, so hang in there.

I was just thinking back to when I first started traveling, back in the 1980s, on airlines, and just how much has changed since that time, and I just wanted to kind of highlight a few things and then ask you a few questions.

Reservations. It is very difficult to get a human being, many times, calling airlines nowadays, whereas before it was very easy, and there is much more you have to go online for.

Food. You used to have a decent meal. It got to a snack, and now it's nonexistent on many flights.

Seats. I am 6 feet 3 inches. I am not the tallest guy in the world, but it oftentimes where I can't even sit up straight in the seat, I have to stick my legs out in the aisle, because the seats are so crammed together. The comfort of them is very difficult.

The baggage fees.

The overbooking, which we have talked about.

Frequent flier miles. There was a time when you had frequent flier miles where you could actually use them and you could take a short flight or a flight somewhere and it was a set amount. Now, the miles are getting less and less powerful and less and less able to be used.

Flight cancellations. Planes sitting on runways for hours. You know, lack of instructions or information when people are sitting at the gates or sitting in airplanes as to what is going on, and frustration just searching for tickets online or trying to figure out what a ticket price should be.

You come to a conclusion after all this—and I understand what the shakeup has been in the industry in the last several decades, but it really has come to this culture to basically commoditizing the passenger, and this culture seems to be one of indifference towards the passengers at times, and I looked at—when I was sitting here, just out of curiosity, to see how the airlines are doing, and you can correct me if I am wrong, but this is what I pulled up on Google.

United made a profit of \$2.9 billion this year or last year. American, \$2.7 billion. Southwest, \$2.24 billion. Alaska Airlines, \$911 million. So, you are doing good.

Now, I understand there were times when you weren't doing good, I understand that that is business, but now that you have this financial stability again—and you know the next crisis could be right around the corner, but now that you do, you know, I started thinking about the changes you announced today, and let's face it, and let's be honest with ourselves, you wouldn't be here an-

nouncing some of the changes were it not for reacting to a situation.

I am wondering if any of you, any of these airlines, have taken a step back to really look at what has happened to the culture of service and the culture of making it a much more pleasant experience.

I think one of my colleagues on the Democratic side tells you basically how much of a hassle it is to fly. It is no longer pleasant to fly. There was a time when it was. It is no longer there.

So, do any of you ever take a look at the big picture? I don't want to hear about small programs here and there. Do you ever take a look and involve passengers in trying to think about how to make it a better experience and not wait for instances like this to happen with United or what happened with American, maybe stop and think and look back and say, OK, how can we get back to a time where there was more—passengers were treated with more appreciation, passengers were treated with more professionalism, and the overall experience was far more pleasant, because I can tell you, you know, I fly American a lot, and it is a fine airline, it gets me where I need to be, but it is not pleasant. It is hard.

You can't even be comfortable in the seat when you sit down, and you are paying hundreds and hundreds of dollars for a ticket. That is difficult for me, and I think that that is a larger problem, and again, you are reacting.

I am asking you—don't react. Take a step back and look at the larger picture.

So, if anyone wants to respond to that, I will be happy to listen.

Ms. PHILPOVITCH. Well, Congressman, first of all, thank you for choosing American for your travels. We appreciate that.

I think that the recent incidents certainly have put us in the spotlight and, as you said, are the reasons that we are here today, but the fact of the matter is that we have been focusing on improving our customer experience ever since we have had the financial wherewithal to do that.

As you noted, we are kind of, in the last few years, coming out of a time of decades of turmoil, and I think what we lost during that time was, while we were changing our business model, in ways that, as you noted, were not always popular for customers, and really just trying to survive, that was the time when other industries were really investing to form more customer centric cultures, and so, our customers' expectations are not only formed by the experiences they have with us but also experiences they have with other industries, and we know that we have some catching up to do. We are very focused on that.

As we noted in the opening remarks, American is investing billions of dollars in new aircraft, new product and amenities for customers. We are investing in service training for our people. We are adding team members. We are growing service, and alongside of that all, we have significant efforts invested across our leadership team in finding ways that we can do better for our team members and do better for our customers.

So, you have our commitment. We are gratified to see customer satisfaction scores improving, and we will continue to work towards that goal.

Mr. KATKO. Thank you very much.

Mr. DUNCAN. Thank you.

Ms. Wilson.

Ms. WILSON. Thank you.

Let me welcome everyone here today. I am an American Airlines traveler. I travel American Airlines twice per week, every Monday or Friday or Tuesday or Thursday, I am on an American Airlines plane, and I just want to sum up what I see happening.

It seems to me as if this whole scenario is like sororities and fraternities, and you have people hazing all the time, and everyone who is in charge of these sororities and fraternities know that this hazing is going on, but no one does anything to stop the hazing until one day it is exposed on social media, and when it is exposed on social media over and over again, then panic reigns throughout the industry and throughout the whole Nation that this is what is happening on our airplanes today and this is what is happening in airlines.

So, I am just wondering if now, all of the sudden, we have had these difference scenarios where we see customer service just breaking down, everyone is going to be trained now. We are going to start training.

Well, what was happening prior to this incident becoming such a publicity phenomenon? Are you connected at all with a university or someone to train your employees the day they are hired, or is this something you hire and put them to work without any training, and then you wait 6 months, until you have maybe 30 people, and then you train all of them?

Explain to me—I would like for each of you to explain to me, especially American and United—explain to me how the training process takes place for new employees coming in, and I have some real reservations about the baby with the stroller.

I have four little grandchildren, and whose responsibility is it to stop a lady from getting on a plane with a stroller?

Isn't there someone there at the door to say let us take this stroller, because it can't get on the plane, and whose decision is it, and how did you make the decision? How did you make the decision that this gentleman should be the one to be removed from the plane, and he was traveling with his wife.

So, was she not a part of the equation? You were just going to separate him?

I couldn't get my arms around what was going on. Those are the two things that slapped me in the face from TV. So, help me with this, in this frat house.

Ms. PHILOPOVITCH. First, I just want to take the opportunity to apologize for what you saw onboard the American flight from San Francisco to Dallas with our customer and her stroller.

We did not handle that situation as it should have been handled, and we take responsibility for that.

To your question of who should—we should have helped her to gate check her stroller before she brought it onboard. The fact of the matter is the aircraft that she was boarding didn't have storage capacity for it, and so, that should have been resolved before she got in the aircraft door, and we are taking steps to make sure, in the future, we do better.

To your question about training, all of our employees work in safety-critical jobs, and so, they absolutely receive training before they start working at American. Nobody starts doing their job without receiving training.

Our initial training for customer-facing employees does include some measure of customer service training and training how to de-escalate complicated situations, but we know that we need to provide that training more effectively and more frequently, and we are working to do that.

Ms. WILSON. Thank you.

Mr. MUNOZ. I would echo the same sentiments on training.

With regards to your specific question with regards to how Dr. Dao was—Dr. Dao and his wife were selected as a couple, so we weren't going to—

Ms. WILSON. Were they both ejected?

Mr. MUNOZ. Yes. They were both selected for de-boarding.

Ms. WILSON. Did she leave the plane?

Mr. MUNOZ. She did with Dr. Dao, eventually, and with regards to how they were selected, it is an automatic system that simply applies some logic to the fact that the fare that you paid—how much you paid for the ticket—and your status as a Mileage Plus member, across other dimensions—those are the two basic ones that we work through.

Ms. WILSON. Let me see. In the last 5 years, has anyone ever been ejected from your airlines for other than security or health reasons, physically, any of you?

Mr. MUNOZ. There are instances, more often than we would care, with regards to—well, for safety and security. With regards to the specific process with Dr. Dao and his wife, we can't remember a time when that happened. So, it was an incident that was one—

Ms. WILSON. What about Southwest or—

Mr. JORDAN. I don't know specifically. My guess is very few, if any, but with the exception of just safety and security reasons, no.

Ms. WILSON. American?

Ms. PHILIPOVITCH. I am not aware of anybody being physically removed from a plane other than for a safety or security reason.

Ms. WILSON. Alaska?

Mr. SPRAGUE. The same.

Ms. WILSON. OK. And thank you for flying American.

Mr. DUNCAN. We are getting very close to a vote. So, Mr. Rokita, please.

Mr. ROKITA. I thank the chair, and I thank the witnesses for hanging in there. I appreciate—it looks like I am the last one. I hope I didn't jinx us.

I had some other hearings and whatnot going on this morning, so I couldn't be here in person, but I watched a lot of this on the closed circuit TV and C-SPAN, and I felt I wanted to come down here, because I think your flight attendants, I think your employees, generally, ought to be commended.

I think that you generally do a great job. I do fly a lot, in this job and doing other things, and I appreciate the attention to safety, number one, which is why a flight attendant is there, let's not forget, and the attention to detail that your employees generally provide, and I commend United and Southwest for—and perhaps other

airlines—for what they have learned from this incident that did go viral.

You know, I think the response has been appropriate, and I appreciate each of your leadership in that regard.

I also wanted to say that this is a bit of a two-way street. I mean, what happened on that United flight shouldn't have escalated to where it was, and it has been acknowledged, and steps have been taken, but a grown man assumedly saying, when approached by law enforcement on an aircraft, should abide by the request being made, and I do not know that that, Mr. Chairman, has been said in this hearing, or generally in the conversation, so I wanted to make a record of that, because it deserves to be said.

Mr. McGEE, in your testimony, from what I read, you proposed to put the risk of overbooking on the air carrier, and I do not think that has been discussed here yet in much detail.

Can you, within 30 seconds or a minute, go into more detail on that proposal?

Mr. McGEE. Certainly, Congressman. What we are saying is that there should only be voluntary denied boardings—

Mr. ROKITA. OK.

Mr. McGEE [continuing]. Not involuntary denied boardings. From our perspective, we don't really see a downside to a passenger being offered compensation to take a later flight. I have done it myself with my son.

You know, from a passenger perspective, that is fine, but we have called today, and in my opening remarks, I said—

Mr. ROKITA. What happens in a situation—and I am not trying to be argumentative with you. I am just trying to respect the time here, so we can all get on votes and lunch and whatnot, and bathrooms, for that matter. What happens when no one volunteers?

Mr. McGEE. The compensation is raised.

Mr. ROKITA. Theoretically, if that doesn't happen—like it was going to be happening on United, off that United flight. I mean, the plane just doesn't move at the end of the day.

Mr. McGEE. Well, United has said now there is an offer of \$10,000. I mean, statistically, if 100 people are offered \$10,000, I have a feeling there is going to be an empty seat pretty quickly.

Mr. ROKITA. OK. I guess. Maybe. Maybe not. I don't know. I just didn't know if you had any data around that or if you had a fail-safe measure if you got to that point. I guess the plane just doesn't move, right?

Mr. McGEE. Unfortunately, a lot of this is opaque. We are still not clear, just as we were talking about transparency with fares, we are still not clear, although we have—you know, it has been asked several times—about those algorithms of how people are selected.

Mr. ROKITA. Fair enough.

Mr. Munoz, regarding denying passengers boarding or removing them from seats or whatever, involuntary or otherwise, what is the trendline? Is this a growing problem or something you feel the airline—or the industry, I should say—has a handle on?

Mr. MUNOZ. I am not exactly sure of the industry trends, but I obviously have watched and monitored ours as a regular course.

Our involuntary denied boardings, year over year, have dropped 44 percent as we operate more reliably, invest in the business, and so on, and in fact, it is 1 in 23,000 that actually get affected by this, and so—and that involuntary denied boarding is often, if not a majority of the time, caused by more operational issues, not necessarily this oversold conversation.

Mr. ROKITA. Do you have percentages on that? You say more often than not. I don't know if there are statistics around that or not.

Mr. MUNOZ. Scott was looking at this.

Mr. KIRBY. We don't have exact statistics, but roughly two-thirds of our involuntary denied boardings come from operational.

Mr. ROKITA. And by operational, you mean—could that be anything from mechanical to weather to—

Mr. KIRBY. It is almost always—weather is the biggest, and the second one is we have an aircraft downgrade, which is usually—can be because of weather or because of mechanical.

Mr. ROKITA. An aircraft downgrade meaning less seats of some sort?

Mr. KIRBY. Fewer seats on the airplane.

Mr. ROKITA. That would occur because the original airplane had a mechanical—

Mr. KIRBY. Either a mechanical or it has got weather in a station and hasn't made it back to where it needs to be to fly its next flight.

Mr. ROKITA. OK. Again, I thank the witnesses, I thank your employees, and I would be very hesitant, Mr. Chairman, to have this committee go down an avenue of regulating this, and I, in that vein, would associate with the comments that former Governor Sanford made. I yield back.

Mr. DUNCAN. Well, thank you very much, and I am going to turn the chair back over to Chairman Shuster, but before I do, I do want to say that, for one, really appreciate what I consider to be significant actions taken by all of the airlines in regard to these unfortunate incidents that have happened.

Thank you very much, and Chairman Shuster is back.

Mr. SHUSTER. The gentleman from Oregon is recognized.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. Kirby, I want to get something straight. When you were asked by Mr. Cohen about—you were saying you had films of evacuation drills. The last time I am aware of a physical evacuation drill was the certification of the 777, and it is done by the FAA.

Your airline doesn't do evacuation testing on the planes.

Mr. KIRBY. Yes, sir, we do.

Mr. DEFAZIO. You do.

Mr. KIRBY. We do do evacuation testing.

Mr. DEFAZIO. Physically. You load a plane up and you get everybody off in 90 seconds, because he also said 3 minutes, and I understand the standard is 90 seconds.

Mr. KIRBY. Yeah. We do evacuation testing. We do it in concert with the FAA, but we actually do the testing.

Mr. DEFAZIO. OK. That is interesting, because that's not our impression. So, I would like to follow up on that. I would love to—because I have always wanted to watch one of these drills.

Now, Dan Reed, in Forbes, pointed to something that I think is fairly obvious that we haven't discussed here in terms of performance, and that is that everybody wants to schedule their planes to take off and land at the same time, and the FAA just says sure, fine, whatever you want to do. There are no rules.

I mean, for instance, I just looked. There are 17 flights scheduled at Chicago O'Hare at 12:15.

Now, can 17 planes take off in 1 minute?

Mr. KIRBY. At O'Hare, about five, on five parallel runways, and we schedule—at United, we call it sloping the schedule.

Mr. DEFAZIO. What I am getting at—so, what Mr. Reed, who is an advocate of privatization, says—he says don't overpromise, and he says, you know, only airlines can make their planes back off their gates in the right order, right times, reduce congestion in airport taxiways. They can only schedule flights in such a way they're neither delay-prone nor excessively long.

Now, you talked about RNAV versus radar, and I, you know, again, looked on Flight Aware and looked at a bunch of your planes that are in the air now, and they are all doing climb-outs, straight lines, long distances.

For instance—this is just one of many I saw—Houston to San Francisco, it's flying an RNAV GPS-based departure route. It climbed directly to its cruise altitude. It is flying a straight-line GPS-based route called the Q route and then descending into SFO using RNAV, GPS-based arrival routing.

So, what percent of your flights—your mainline flights—I am not talking about United Express—are using RNAV now and GPS-based?

Mr. KIRBY. I am not sure, Congressman.

Mr. DEFAZIO. OK, but there are—

Mr. KIRBY. There are some RNAV routings.

Mr. DEFAZIO. Right, because you were talking about the zigzags. I mean, again, just in looking at this, I mean, it seems to me the most frequent cause of that now is inadequate capacity.

For instance, everybody wants to land about the same time, and so, then you've got to start flying zigzags to get there on a radar approach versus, you know, using RNAV, because you just can't land more than one plane at a time when you have only got one runway or two planes if there is enough separation.

I recommend the article to you, because I mean, I know you are advocating privatization and others advocating it, but you really should read this article, and he says don't overpromise, and he is particularly, you know, critical of Mr. Cohn.

Mr. McGEE, do you have any comments along those lines? I mean, right now, we are hearing about customer issues. We are hearing about concentration of the industry, very little choice for people, particularly in the 55 or so airports that are 1 and 150 that are 50 percent more than 1 airline.

So, the question would be, now, if we give control of the air traffic system to the airlines, effective control, 4 seats on a 13-person board, what do you think that means for customers and efficiency?

Mr. MCGEE. Well, it is going to be particularly hard felt in the high-density airports and the busiest airports in the country.

Now, I mean, what you just said is obviously a critical enough issue, 17 flights scheduled at the same time, but underlining that is another problem that hasn't been really discussed and that is the outsourcing—and it is outsourcing, the airlines call it partnering, but outsourcing of mainline flights to regional carriers.

Up until recently—I don't know if it is still on there, but the Regional Airline Association, on its home page, boasted about the fact that not only are more than 50 percent of all domestic departures operated by regionals on behalf of major carriers, but in addition, they boasted of the fact that most of the departures every morning between New York and Washington, two of the busiest airports not just in the country but on the planet, LaGuardia and Washington National, are operated by regionals.

So, we have to ask ourselves, is that the best use of those slots to use smaller aircraft on some of the—

Mr. DEFAZIO. So, you are saying that, just because it is—you have got a small aircraft, and basically maybe you can follow it a tiny bit more closely, a little bit more closely, but—because of wake turbulence, but you are taking up basically a slot with 60 people onboard versus a slot with 180 people onboard.

Mr. MCGEE. Absolutely. I am rusty on some of these issues. It has been a long time since I worked as an airline dispatcher, but the bottom line is that, you know, as they used to say, you know, all metal requires X amount of space between it.

So, whether it is a large aircraft or a small aircraft—there are differences with wake turbulence and things like that, but the bottom line is, again, are we using—these are public resources, let's remember. These are not airline resources, the slots. They belong to the public.

They are treated as if they were private domain, but are we using them to the best ability, you know, in many ways, not just in terms of safety and efficiency but also in terms of the carbon footprint.

Mr. DEFAZIO. Just one last observation from the Bureau of Transportation Statistics. On time in 2016, 81.42 percent. Air carrier-caused delays, 5 percent. Weather delays, .5 percent. National Aviation System delay, 5 percent, same as triggered by air carriers. Security delay, .03 percent. We are doing a little better there. Aircraft arriving late not due to the National Air System, 6.22 percent. Canceled, 1.17 percent.

So, I mean, again, let's talk about the reality of what the problems are with the system, and I think that was a very good point you made, which is if you substitute regional carriers and they need two or three planes to land the same number of people and it is SFO or it is here at National, then we have just used up a lot of airspace, and they are all trying to land at the same time anyway.

Mr. MCGEE. I think we also want to ask, well, why would they do that?

Now, the response often comes from the airlines that customers prefer high frequency, you know, to consolidating flights, but there is also another factor that doesn't get discussed as much, and that is the competition factor. In other words, if you have scarce slots at LaGuardia and you are trying to, you know, prevent the com-

petition from low-cost carriers, then, you know, you use more frequencies out of those airports, and again, these are the most high-density airports that we are talking about.

Mr. DEFAZIO. I would congratulate United. They brought back real United to Eugene, and the flights actually go, versus fake United, United Express, where we had seven flights a day but not so dependable, because they are the first thing canceled when Chicago fogs in or delayed, whereas your mainline flights aren't.

So, we have now three flights a day, and people, I think, are much happier with three, as opposed to, theoretically, seven with these commuter airlines.

Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Mr. DeFazio.

Again, I appreciate our witnesses being here today, but I have a couple of final questions.

One—and we talked about this a little bit earlier—contracts of carriage. I think Mr. Sprague said your goal is to get to one page.

Is that like an executive summary, because I can't imagine, with all the legalities, with all the things that swirl out there, that you could actually get to one page. So, can you tell me, can you really get to one page?

Mr. SPRAGUE. I think, Mr. Chairman, the one-page objective was offered by one of the committee members, but what we did commit to at Alaska Airlines is, firstly, acknowledging that ours is too long. We do want it to be a usable document for our customers. So, getting to a much more concise summary or contract of carriage.

Mr. SHUSTER. I appreciate that, but is my observation correct—anybody, yes or no, disagree with me? Part of the reason it is so long is because of the litigious society we live in today, so you are trying to cover everything from A to Z just in case. Is that a fair observation? Just a yes or no.

Mr. MUNOZ. That is a fair observation, and there was a reference to the EU, and I think the legal system in the EU is drastically different than the U.S.

Mr. SHUSTER. Very different. In many places, it is.

Mr. SPRAGUE. It is a fair observation.

Mr. JORDAN. Yes, sir, that's correct.

Ms. PHILIPOVITCH. Agreed.

Mr. SHUSTER. Mr. McGee, what are your thoughts?

Mr. MCGEE. Well, again, I think, you know, when you held up—it is very visual, when you held up documents that are 78 pages long. There is no question that there—you know, that there are litigation issues here, but that really doesn't speak to the fact that they are so hard for consumers to read.

I have researched this and written articles for Consumer Reports where I have spoken to aviation attorneys, and I have said, look, I am reading a clause to you, because I genuinely can't figure it out, I am not an attorney, and I have said I am going to read you a clause, and they have said I am not sure, I am not sure myself, and those are attorneys who work in the aviation industry. So, what hope do the rest of us have, even assuming we do the due diligence and read it in the first place? So, there is no question that there are issues here.

Mr. SHUSTER. I don't take issue. I agree with Mr. DeFazio, they are way too long. I just—for me to fathom they can get down to one or two pages is just unbelievable to me.

Finally——

Mr. MCGEE. Actually, if you don't mind, Mr. Chairman, you mentioned an executive summary. That may not be a bad idea in some cases, to at least have a brief two-page thing saying, well, you know, here are the most frequently asked questions, that type of thing.

Mr. SHUSTER. Sure. I get that.

Mr. MCGEE. Thank you.

Mr. SHUSTER. Finally, just another observation I would like to make, because there has been some talk—I am glad the focus of this hearing was on customer and, you know, what you folks are doing to make sure we treat them better, fair, but there were some things brought up about forming an out-of-government, not-for-profit corporation, and it is my view that when we talk about all the congestion we see on the ground, if we make the system more efficient and drive down costs, that gives everybody more money to spend on taking care of those problems, because—airport runways, not having enough of them, not having spaces, not having the places to pull planes off—that all costs money, and if we have a robust, profitable industry and the Government is able to drive down its cost, everybody benefits by that. So, that is kind of where we are going with my proposal, is let's have as efficient a system as we can, everybody saves money, and also, if we look at the airline industry over the last—I think Warren Buffett said—somebody said the airline industry is in the hole over the last 30 years, and Warren Buffett said the airline industry has 80 bad years.

I mean, you are finally getting to a place where you are making money, so from our standpoint up here, we expect to see some of those profits driven back into the company to make sure the customer experience is better, because as I said in my remarks before I left—I am glad I got back here in time. I am just going to reiterate them.

If you don't take this as a silver lining, if the industry doesn't sit down together, collectively, and figure out how to move forward in a positive way, put aside your marketplace differences where you do what you have to do, but come together, because the last thing in the world you will want is this committee and this Congress to put out things out there that, as I said, it's going to be one size fits all, and it is not going to fit anybody at the end of the day.

So, again, I appreciate you being here, I appreciate you taking the time, and we look forward to hearing from you and watching as you move down the road and watch these things take hold.

So, thank you very much, and with that, I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing and unanimous consent that the record remain open for 15 days for any additional comments, information submitted by Members or witnesses to be included in the record of today's hearing. Without objection, so ordered.

Once again, I want to thank everybody for being here today.
Thank you so much.
Adjourned.
[Whereupon, at 1:54 p.m., the committee was adjourned.]

Testimony before the House Transportation & Infrastructure Committee
Oscar Munoz, CEO, United Airlines
“Oversight of U.S. Airline Customer Service”
May 2, 2017

Chairman Shuster, Ranking Member DeFazio, other Members of the Committee, thank you for the opportunity to address the Committee on this important matter.

My name is Oscar Munoz, and I am the CEO of United Airlines. I am joined by our company president, Scott Kirby.

To address Dr. Dao on behalf of our entire company, I am sorry for the way that you were treated. No customer—no individual—should ever be treated in the way that you were when aboard a United aircraft on April 9.

To the people on Flight 3411 who witnessed the mistreatment of a fellow passenger, I apologize for the terrible experience you had.

And I am personally sorry for the fact that my immediate response failed to communicate my concern and the devotion I have to our customers and to this company.

For the last three weeks, I have spent every day thinking about how we got here. What chain of events culminates in the injury of a passenger and the loss of trust of so many more?

In the days since the incident, our United team has undertaken an analysis of the situation and our response, which we released on April 27. A copy of the full report is included as part of my testimony.

The report identifies at least four areas where our response should have been different.

We called on law enforcement when a safety or security issue did not exist.

We rebooked crew at the very last minute.

We didn’t offer enough compensation or travel options to incentivize a passenger to give up a seat.

And most important, our employees did not have the authority to do what was right for our customers, and for our company. Our protocols stood in the way of serving our customers.

As CEO, that is my responsibility.

This is a turning point for United, and our 87,000 professionals. It is my mission to ensure we make the changes needed to provide our customers with the highest level of service and the deepest sense of respect.

On April 27, we publicly announced several changes we are making immediately to become more customer-focused; to reduce incidents of involuntary denial of boarding to as close to zero as possible; and to avoid putting our customers, employees and partners into impossible situations due to policies we control. They are the following:

1. United will limit the use of law enforcement to safety and security issues only.

We will not ask law enforcement officers to remove customers from flights unless it is a matter of safety and security. This policy was implemented on April 12.

2. United will not require customers already seated on an airplane to give up their seat involuntarily, unless safety or security is at risk.

This policy was implemented on April 27.

3. United will increase customer compensation incentives for voluntary denied boarding to up to \$10,000.

Compensation levels are being increased to up to \$10,000 for customers willing to volunteer to take a later flight. This policy went into effect on April 28.

4. United will establish a customer solutions team to provide agents with creative solutions.

We will create a team to proactively identify and provide gate agents with creative solutions. These could include using nearby airports, other airlines or ground transportation to get customers and crews to their final destinations. We expect the team to be operational by June 2017.

5. United will ensure crews are booked onto a flight at least 60 minutes prior to departure.

Unless there are open seats, all crew members traveling for work on our aircraft must be booked at least 60 minutes before departure. This policy was implemented on April 14.

6. United will provide agents with additional annual training.

United will provide annual training for frontline employees to enhance their skills on an ongoing basis. These trainings will equip employees to handle the most difficult of situations. This training will begin in August 2017.

7. United will create an automated system for soliciting volunteers to change travel plans.

Later this year, we will introduce a new automated check-in process, both at the airport and via the United app, that will gauge a customer's interest in giving up his or her seat on overbooked flights in exchange for compensation. If selected, that customer will receive their requested compensation and be booked on a later United flight.

8. United will reduce its amount of overbooking.

United has evaluated its overbooking policy. As a result, adjustments have been made to reduce overbookings on flights that historically have experienced lower volunteer rates, particularly flights on smaller aircraft, and the last flights of the day to a particular destination.

9. United will empower employees to resolve customer service issues in the moment.

Later this year, United will launch a new "in the moment" app for our employees to handle customer issues. This will enable flight attendants and gate agents to compensate customers proactively—with mileage, credit for future flights or other forms of compensation—when a disservice occurs.

10. United will eliminate the red tape on lost bags.

We will adopt a new, no-questions-asked policy on permanently lost bags. In these instances, United will pay a customer \$1,500 for the value of the bag and its contents. This process is expected to be in place in June 2017.

Ultimately, our actions will speak louder than words. We will work hard to re-earn your trust and the trust of our customers around the world.

Thank you.



United Express Flight 3411 Review and Action Report

April 27, 2017

Introduction

This is United Airlines' promised review of events from United Express Flight 3411 on April 9, 2017, when a customer flying from Chicago's O'Hare International Airport to Louisville International Airport was forcibly removed from our aircraft. This report outlines what we have already done and what we will do to prevent a terrible event like this from happening again.

We can never apologize enough for what occurred and for our initial response that followed. United Airlines takes full responsibility for what happened. The intention of this report is to communicate concrete and meaningful actions that will avoid putting our customers, employees and partners into impossible situations. Our goal is to reduce incidents of involuntary denial of boarding to as close to zero as possible and become a more customer-focused airline. And this is just the beginning of our commitment to you.

Our entire company is dedicated to making this right, working harder than ever to serve you and live up to our shared purpose and values of making decisions with empathy, respecting every voice and delivering what you expect and deserve.

Summary of What Happened on United Express Flight 3411

Sunday, April 9, 2017

United Express Flight 3411 is regularly scheduled to fly Sunday through Friday from O'Hare to Louisville, with a planned departure of 5:40 p.m. CDT and an arrival of 8:02 p.m. EDT. Seating capacity is 70 customers.

Before boarding, flight 3411 was overbooked by one customer. Despite early attempts by United, via website/kiosk and multiple announcements at the gate asking for customers willing to take later flights, there were no volunteers. As a result, one customer who had not yet been given a seat assignment, was involuntarily denied boarding (see Involuntary Denied Boarding Selection Process sidebar). The customer received a check as compensation and was booked on another United flight. The other customers were then called to board the plane.

At the same time, an earlier flight to Louisville, originally scheduled to depart O'Hare at 2:55 p.m. CDT was experiencing a maintenance issue (it was unclear if this issue could be fixed, but regardless, it would depart after flight 3411). Booked on this flight were four crew members, scheduled to operate the early Monday morning United Express flight from Louisville to Newark. Without this crew's timely arrival in Louisville, there was the prospect of disrupting more than 100 United customers by canceling at least one flight on Monday and likely more. With this in mind, the four crew members were booked on flight 3411, creating the need to identify four customers who would not be able to take the flight.

Involuntary Denied Boarding (IDB) Selection Process

United's involuntary denied boarding (IDB) process is automated and customers are not subject to discretionary choice by agents. This is our process:

- First, agents will deny boarding if a passenger does not have a seat assignment prior to boarding the aircraft.
- Customers are then sorted by fare class (estimated fare paid) and type of itinerary.
- Customers with the lowest paid fare are placed at the top of the list for involuntary denial of boarding.
- If a group of customers paid the same fare, then the group is sorted by time of check-in.
- Customers with frequent flyer status will not be involuntarily denied boarding, unless all of the remaining passengers have frequent flyer status, in which case the lowest status will move to the top of the IDB list.
- Customers with special needs (unaccompanied minors, passengers with disabilities) are excluded and are not involuntarily denied boarding.



United agents began to seek four volunteers, this time while customers were seated on the aircraft. The agent offered an \$800 travel credit plus the cost of meals and hotel accommodations for the evening, but no customers were willing to accept the offer. The agent then followed the involuntary denial of boarding selection process to determine which customers would be asked to leave the airplane.

Once the four customers on flight 3411 were identified, the United supervisor spoke with two of the customers, a couple, who then departed the aircraft and received compensation. The next customers approached were Dr. Dao and his wife. The supervisor apologized and explained they would also need to depart the aircraft, but Dr. Dao refused. The supervisor was unable to convince Dr. Dao to depart the aircraft. Given Dr. Dao's unwillingness to deplane, the supervisor left the plane and spoke to the United zone controller, who indicated that authorities would be contacted. The supervisor went back on the plane to request again that Dr. Dao deplane and advised him that authorities would be contacted. At this point, one customer onboard the aircraft volunteered to change flights for \$1,000 but United needed two volunteers in order to avoid having to remove the Daos. No other customers would volunteer unless United could guarantee an arrival in Louisville later that night. Given the fact that the 2:55 p.m. CDT departure remained on a maintenance delay, with a possibility of cancelling, United could not make that commitment.

Officers from the Chicago Department of Aviation, which has authority to respond to such airline requests and historically has been effective in getting customers to voluntarily comply, answered United's request for assistance. These security officers were unable to gain Dr. Dao's cooperation to depart the plane voluntarily.

At this time, the United supervisor left the aircraft and attempted to call a manager about the situation, and Dr. Dao, as evidenced by widely reported video footage, was physically removed from his seat by the Chicago Department of Aviation Officers. After being forcibly removed from the aircraft, Dr. Dao ran back onto the airplane and Chicago Department of Aviation Officers removed him for a second time. He was later taken to a local hospital.

All customers then deplaned. After approximately 40 minutes, the flight re boarded without the Daos and departed for Louisville.

United Failures Related to United Express Flight 3411

1. Calling on law enforcement to assist with policy enforcement when a security or safety issue didn't exist.

United's policies and procedures in non-safety or security situations did not adequately address instances in which customers refused to comply with requests.

2. Rebooking crew at the last minute.

The crew was booked and arrived at flight 3411 during the boarding process. Our policies did not prohibit this.

3. Offering insufficient compensation and not providing transportation/destination options to entice more customers to give up their seats willingly.

Agents did not have the authority to act independently and authorize higher levels of compensation or provide other modes of transportation and/or the right destination options.

4. Providing insufficient employee training and empowerment to handle a situation like this.

United does not provide regular training to prepare its team for denied boarding situations and individual interactions with customers during these potentially difficult situations.

Goals of United Policy Changes

With the policy changes it already has made or that are forthcoming, United seeks to:

Become more customer-focused.

Avoid putting our customers, employees, and partners into impossible situations due to policies we control.

Reduce incidents of involuntary denial of boarding to as close to zero as possible.

United Policy Changes Made or Forthcoming

1. United will limit use of law enforcement to safety and security issues only.

United will not ask law enforcement officers to remove customers from flights unless it is a matter of safety and security. United implemented this policy on April 12.

2. United will not require customers already seated on the plane to give up their seat involuntarily unless safety or security is at risk.

United implemented this policy on April 27.

3. United will increase customer compensation incentives for voluntary denied boarding up to \$10,000.

United's policy will be revised to increase the compensation levels up to \$10,000 for customers willing to volunteer to take a later flight. This will go into effect on April 28.

4. United will establish a customer solutions team to provide agents with creative solutions.

United will create a team to proactively identify and provide gate agents with creative solutions such as using nearby airports, other airlines or ground transportation to get customers and crews to their final destinations. Separately, the team also will work to provide solutions to help get crews to their final destinations. United expects the team to be operational by June. Examples include:

- Suggest flights to close-by airports and then provide transportation to the customer's preferred destination.
- If a customer's travel includes a connecting flight, provide options that would eliminate the connection and still get the customer to the destination.
- Offer ground transportation where practical.

5. United will ensure crews are booked onto a flight at least 60 minutes prior to departure.

Unless there are open seats, all crew members traveling for work on our aircraft must be booked at least 60 minutes before departure. This policy was implemented on April 14.

6. United will provide agents with additional annual training.

United will provide annual training for frontline employees to enhance their skills on an ongoing basis that will equip them to handle the most difficult of situations. This training will begin in August.

7. United will create an automated system for soliciting volunteers to change travel plans.

Later this year, United will introduce a new automated check-in process, both at the airport and via the United app, that will gauge a customer's interest in giving up his or her seat on overbooked flights in exchange for compensation. If selected, that customer will receive their requested compensation and be booked on a later United flight.

8. United will reduce its amount of overbooking.

United has evaluated its overbooking policy. As a result, adjustments have been made to reduce overbookings on flights that historically have experienced lower volunteer rates, particularly flights on smaller aircraft and the last flights of the day to a particular destination.

9. United will empower employees to resolve customer service issues in the moment.

Rolling out later this year, United will launch a new "in the moment" app for our employees to handle customer issues. This will enable flight attendants (by July) and gate agents (later this year) to compensate customers proactively (with mileage, credit for future flights or other forms of compensation) when a disservice occurs.

10. United will eliminate the red tape on lost bags.

United will adopt a new no-questions-asked policy on permanently lost bags. In these instances, United will pay a customer \$1,500 for the value of the bag and its contents. For claims or reimbursement over \$1,500, additional documentation may be required. This process is expected to be in place in June.

Conclusion

This has been a defining moment for our United family and it is our responsibility – our mission – to make sure we all learn from this experience. The changes we have announced are designed to better serve our customers and empower our employees. This is how we begin to earn back your trust.

Appendix

Background on Denied Boarding

While very rare, denied boarding occurs when more customers have checked in and are at the gate than there are seats on the flight. There are several conditions that may result in this situation, which usually occur prior to boarding, but can take place after the plane has been boarded. We've identified the five causes of denied boarding below.

While United strives to avoid any denied boarding situations, it also seeks to disrupt as few travelers as possible when they occur. Further, whenever possible, it seeks to compensate customers to relinquish their seats voluntarily. If it can provide compensation that a customer considers compelling enough to volunteer, then that customer will remain a satisfied customer. In 2016, 95.6 percent of United's denied boarding customers were volunteers.

United's DOT statistics in 2016 show 3,765 incidents out of 86.8 million United customers, of involuntary denied boarding (representing fewer than 1 in 23,000 customers). The rate of involuntary denials was a 44 percent decline from 2015 and 30 percent below the average among airlines reporting to the DOT (this data reflects mainline flights departing the United States only).

Causes of denied boarding:

- **Restrictions placed on the capacity of the aircraft:** In some circumstances, the weight of the aircraft and its contents must be reduced for a flight to operate safely. Weather conditions at the departure airport, arrival airport or somewhere along the route of the flight are the most common reasons for a flight to be subject to weight restrictions. When possible, United tries to reduce weight by removing cargo, but in some circumstances the aircraft simply cannot carry a full load of customers and operate within United's safety requirements. The restrictions usually occur close to departure time, as weather is developing, and sometimes even after a flight has boarded. As an example, when winter snowstorms result in a runway with snow at the departure airport, a reduction to the maximum takeoff weight for the aircraft may be required.

Unlike overbooking denials of boarding, which typically impact one or two customers, weight restrictions can require up to dozens of customers to be denied boarding. As the number of customers without seats increases, it becomes increasingly difficult to get enough volunteers. As a result, weight restrictions are much more likely to cause involuntary denial of boarding. This is a no-win situation: Get most of the customers to their destination, but create a difficult situation with the customers who are required to be denied boarding, or cancel the flight entirely. For the customers who get seats

on the aircraft, the outcome is better than cancelling the flight. But for the customers involuntarily denied boarding, the process seems very unfair and arbitrary and leads to some of United's and the industry's worst customer service experiences. As in all involuntary denied boarding situations, the customers are selected based on the criteria described in the Involuntary Denied Boarding Selection Process sidebar.

- **Aircraft downsizing (down-gauging):** This can occur when an aircraft is unable to make it to its intended destination either because of weather or due to a mechanical issue that would prevent it from completing its scheduled flight. United has spare aircraft; however, there are times when the substitute aircraft's number of seats is different from the flight it is intended to replace. Sometimes the only option to avoid a cancellation is to use a smaller aircraft that can accommodate fewer customers. This also can lead to the need to move customers from the cabin they were booked in originally. Like weight restrictions, this is more likely to lead to involuntary denial of boarding because the substituted aircraft may have as many as 40-50 fewer seats.
- **Crew movement:** As in the case of flight 3411, customers can be denied boarding involuntarily if a plane is full and a flight crew, under airline policies, must be allowed to take that flight. This is done to avoid further operational disruptions, which would impact even more customers (such as cancelling a future flight that a crew is scheduled to fly).
- **Overbooking:** Like most airlines, United overbooks flights, typically by less than 0-3 percent of the plane's seat capacity, to account for normal customer no-shows. United's forecast of no-shows is usually quite accurate and approximately four percent of its flights have more ticketed customers seeking to board the aircraft than available seats. The vast majority of denied boardings from overbooking are voluntary – customers agree to take another flight for compensation and incentives, reflecting the low overbooking levels.
- **Situations at the departure gate or on the aircraft resulting in safety or security concerns:** Airlines infrequently must deny boarding involuntarily on a flight when an unexpected situation arises at the departure gate or on a plane before departure. An example could be if a customer becomes unruly or disruptive for any reason and, for safety or security reasons, airline personnel consider it necessary to deny boarding or require the customer to leave the plane.

Oscar Munoz, Chief Executive Officer, United Airlines
Responses to Majority-side Questions for the Record from the hearing,
"Oversight of U.S. Airline Customer Service"
Committee on Transportation and Infrastructure
May 2, 2017

Questions from Congressman Mark Meadows

In light of the House Transportation Committee's recent hearing on "Oversight of U.S. Airline Customer Service"¹, we wanted to bring to your attention another matter we have been receiving a number of constituent complaints on concerning the handling of firearms in checked baggage.

As you are aware, the Second Amendment to the U.S. Constitution protects an individual's right to keep and bear arms.

Federal law specifically provides for the transport of unloaded firearms and ammunition in checked baggage of commercial aircraft, provided certain rules are followed. Specifically, the firearm must be declared upon check-in, and the unloaded firearm must be in a locked container to which only the passenger has the key, combination, or another method of access.

Federal law additionally states: "No common or contract carrier shall require or cause any label, tag, or other written notice to be placed on the outside of any package, luggage, or another container that such package, luggage, or other container contains a firearm." Among other things, this is aimed at preventing the theft of firearms, a problem not uncommon at U.S. airports.

Despite the clearly-expressed legal intent to allow air travel with firearms, constituents have complained to us that procedures are not uniform between airlines or even within the same airline and that they believe the airlines are intentionally making flying with firearms difficult and inconvenient so as to discourage the practice.

1. *What is your specific procedure for passengers who wish to fly with firearms or ammunition in their checked baggage, how are employees notified of it, and are employees bound to follow these procedures or at liberty to alter them on a case-by-case basis as they see fit?*

ANSWER: In accordance with U.S. federal law, the transporting customer must declare the weapon to a United airport agent and sign a firearm declaration tag. Firearms will be accepted only from a customer 18 years of age or older, and all applicable prohibitions or requirements of destination countries will apply to international travel. United accepts firearms and shooting equipment (any weapon from which a shot may be fired by the force of an explosion, including starter pistols, compressed air guns, bb guns and flare guns) for transportation only as checked baggage, and carries them in a section of the aircraft inaccessible to customers. All firearms must be transported unloaded in a hard-sided, locked container.

Employees learn these procedures during their instructor-led initial training, and may find them in United's electronic policy management reference system. Any changes are communicated by instructional bulletins. There is no room for deviation from these procedures.

¹ <https://transportation.house.gov/calendar/eventsingle.aspx?EventID=401344>

Oscar Munoz, Chief Executive Officer, United Airlines
 Responses to Majority-side Questions for the Record from the hearing,
 "Oversight of U.S. Airline Customer Service"
 Committee on Transportation and Infrastructure
 May 2, 2017

2. *Are there additional fees charged for passengers who fly with firearms or ammunition in their checked baggage?*

ANSWER: No, customers may transport a hard-sided, locked firearm case (or may pack a small one inside another piece of baggage, as long as it is properly declared and tagged) as they would any other article of checked baggage, and usual baggage allowances and charges apply.

3. *Are passengers of your airline who lawfully travel with firearms ineligible for services or conveniences that apply to other passengers of the same class, such as (and not limited to) remote or electronic check-ins, seating upgrades, self-retrieval of checked baggage, etc.? Alternatively, does such discrimination between passengers occur for passengers who fly with a firearm on the first leg of a round-trip?*

ANSWER: Aside from being required to check their firearm case with a United agent in the airport lobby rather than at curbside, because the requisite signed declaration tag must be completed there, there are no service limitations or ineligibilities that apply to customers traveling with firearms on the basis of that status. As a theft prevention measure, checked articles that are obviously firearms cases are sometimes diverted to a United baggage service office for claim by customers instead of being delivered to a carousel.

Questions from Congressman Brian Babin

1. *In recent news, United Airlines has been lambasted for the death of a bunny that was shipped on a trans-Atlantic flight. Despite this most recent and very public incident, the statistics for animal air transport are incredibly good – in 2016 alone, United shipped more than 100,000 animals with death or injury reported in less than 1/100th of 1 percent. Which leads into the question of why more and more air transport carriers are unwilling to accept live animals as cargo shipments. In fact, seven carriers (Allegiant, Frontier, JetBlue, National, Southwest, Spirit and Virgin America) didn't transport animals in cargo at all last year.*

ANSWER: Pets are part of our customers' families, and their safety and wellbeing is of the utmost importance to United. We are deeply upset any time an animal suffers an injury while traveling with us. Any time there is an incident regarding an animal in our care, we conduct a detailed review and immediately reach out to their owners and offer our assistance. We are deeply upset in the very rare instance that an animal passes away while in our care. United's PetSafe team is trained and dedicated to doing everything possible to ensure animals have a safe and comfortable journey.

United is not able to speculate about the reasons other airlines may or may not choose to offer animal transportation as part of the services they provide.

Oscar Munoz, Chief Executive Officer, United Airlines
 Responses to Majority-side Questions for the Record from the hearing,
 "Oversight of U.S. Airline Customer Service"
 Committee on Transportation and Infrastructure
 May 2, 2017

2. *Have the number of animal shipments that you accept declined in recent years (last 10-15 years)?*

ANSWER: United's recent merger and subsequent changes to the systems and metrics we use to maintain animal shipment statistics make it impossible for us to provide a meaningful comparison going as far back in time as you have requested. We can tell you, however, that since 2014 the number of animal shipments that United accepts has actually increased every year, at an annual rate of approximately ten percent.

3. *Of the following, what do you think is most responsible for the declining number of carriers willing to transport animals as cargo: pressure from animal rights activists or efforts necessary to comply with federal regulation?*

ANSWER: As explained above in response to question 1, United is not able to speculate about the reasons other airlines may or may not choose to offer animal transportation as part of the services they provide. Over the last several years, however, United has made significant investments in our PetSafe program. We've deployed a fleet of nearly 100 custom-designed, climate-controlled vehicles to safely transport pets to and from their flights in all weather conditions. Our aircraft that transport animals are equipped with climate-controlled, pressurized compartments to keep traveling animals secure and comfortable while they fly. And we maintain deluxe, modern kennel facilities at many of our hubs and other airports to accommodate pets during longer connection times and before international travel. These investments are all part of United's dedication to ensuring that all animals traveling with us receive the best care throughout their entire journeys.

Questions from Congressman Brian Mast

1. *The ACAA prohibits discrimination based on disability in air travel. What steps does your airline take to improve the travel experience for passengers with disabilities, including veterans who are catastrophically disabled?*

ANSWER: United takes our responsibilities under the Air Carrier Access Act ("ACAA") very seriously. We are committed to treating all customers with dignity and respect, including those with disabilities and those who have served our country in its armed forces. United's employees and contractors receive extensive training on their ACAA Part 382 obligations, and we go above and beyond those obligations by maintaining strong relationships with numerous disability organizations throughout the country to keep abreast of the needs of passengers with disabilities and to assimilate their suggestions into our training and policies. As part of this commitment, we have a longstanding Accessible Travel Advisory Board comprised of individuals representing several disabilities and groups such as the Open Doors Organization that meets regularly to discuss issues pertaining to air travel and accessibility and to offer suggestions and advice to improve United's products and services. The mission of this group is to ensure that United will continue to offer safe, reliable and accessible transportation for all our customers, including those with disabilities.

Oscar Munoz, Chief Executive Officer, United Airlines
 Responses to Majority-side Questions for the Record from the hearing,
 "Oversight of U.S. Airline Customer Service"
 Committee on Transportation and Infrastructure
 May 2, 2017

We also partner with a number of disability organizations and rehabilitation hospitals around the country as part of our "Project Airport," which provides a simulated travel experience at several of our hub locations in a safe and less-stressful environment to individuals who are newly disabled. This project provides an overview of the ACAA, the TSA screening process, and the experience of boarding an aircraft with an aisle chair. At some of our airport locations, we have also partnered with Veterans Moving Forward to allow disabled veterans with service dogs to come to the airport and become familiar with our aircraft.

In addition to these partnerships, we maintain an ongoing dialogue with our partners and stakeholders to identify ways our airline can continue to improve and better serve our customers with disabilities. All these efforts are designed to ensure that every step of the travel experience is within reach for all of United's customers.

2. *On March 2, the U.S. Department of Transportation (DOT) announced a one-year delay of the "Reporting of Data for Mishandled Baggage and Wheelchairs and Scooters Transported in Aircraft Cargo Compartments," which was supported by multiple disability organizations. What is your airline's policy on handling wheelchairs and scooters in aircraft cargo compartments?*

ANSWER: As part of United's commitment to full compliance with all aspects of the DOT's ACAA, United follows the procedures outlined in 14 C.F.R. section 382.125 when wheelchairs, other mobility aids, and other assistive devices must be stowed in the cargo compartment of our aircraft, including giving them priority over cargo and baggage and returning them promptly to their owners upon landing, and with 14 C.F.R. section 382.129 when passengers' wheelchairs, other mobility aids, and other assistive devices must be disassembled for stowage. United has recently invested in 35 new wheelchair lift devices at our hubs and line stations to more safely transfer wheelchairs to aircraft cargo areas for stowage with less damage. All of our customer-facing and ramp service employees are thoroughly trained to follow these policies with the utmost care and respect.

In addition, United is working through our industry association, Airlines for America, to meet with the Paralyzed Veterans of America to best understand and address the needs of passengers who travel with wheelchairs, scooters and other mobility devices.

3. *In December 2016, the U.S. Department of Transportation (DOT) announced that the Advisory Committee on Accessible Air Transportation (ACCESS Advisory Committee) had reached stakeholder agreement on improving access to lavatories on certain single aisle aircraft and in-flight entertainment for passengers with disabilities. Is your airline taking any action on this issue?*

ANSWER: United was very actively involved as a voting member of the ACCESS Advisory Committee, including participating in the development of the Committee's agreements on accessible single-aisle aircraft lavatories and in-flight entertainment and voting in favor of those agreements. We will continue to support the regulatory process and, when regulations are final, will comply fully with the regulations we expect the DOT to publish based on the ACCESS Committee's agreements in these areas. In addition, United is already exploring interim improvements we can make to the traveling experience of our

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Responses to Majority-side Questions for the Record from the hearing,
“Oversight of U.S. Airline Customer Service”
Committee on Transportation and Infrastructure
May 2, 2017

customers with disabilities pending these regulations’ enactment, to ensure all customers are treated with dignity and respect.

4. *What training does your airline provide to meet the needs of passengers with disabilities? Do you believe changes or improvements can be made to increase your airline’s compliance with Air Carrier Access Act?*

ANSWER: All of United’s customer-facing and ramp-service employees, both on the ground and aboard our aircraft, receive robust initial and annual-recurrent training to ensure United is competently meeting the needs of our customers with disabilities with professionalism and respect. Training appropriate to the duties of their roles is provided to our contact-center customer service representatives, airport agents, flight attendants and ramp-service employees; and it covers ACAA obligations, United’s policies and procedures, best practices for assisting customers in safely moving through the air travel process, proper handling and stowage of travelers’ assistive devices, and soft skills that ensure our passengers’ needs are met with courtesy and discretion. Depending on the employee’s workgroup and whether the training is for newly-hired or tenured employees, United’s training may include classroom, hands-on and computer-based instruction. Our Accessible Travel Advisory Board frequently provides input that is incorporated into United’s employee training programs.

United’s Complaint Resolution Officials, who are available to provide escalated assistance to customers with disabilities at all of United’s locations, receive extensive additional, instructor-led training to ensure that they are thoroughly familiar with all the requirements of the ACAA and are experts on United’s policies and procedures with respect to customers with disabilities.

We continuously seek to make ongoing improvements to our training and performance-audit programs not only to increase United’s compliance with the ACAA but also to improve the overall travel experience for our customers with disabilities. United maintains a regular dialogue with the DOT’s Office of Aviation Consumer Protection to obtain guidance and clarifications as part of our ongoing commitment to ensure all customers are treated with dignity and respect.

Testimony of
Mr. Joseph Sprague
Senior Vice President of External Relations for Alaska Airlines
before the
Committee on Transportation & Infrastructure
U.S. House of Representatives
May 2, 2017

Good Morning Chairman Shuster, Ranking Member DeFazio, Chairman LoBiondo, Ranking Member Larsen, and members of the Committee. My name is Joe Sprague, and I am Senior Vice President of External Relations for Alaska Airlines.

Alaska Airlines is the 5th largest U.S. airline following our recent acquisition of Virgin America. We have a combined workforce of 19,000 employees, 280 aircraft, and 1200 daily departures. While we have grown considerably over the last 10 years, we are still small by airline standards. The 4 largest airlines represent 85% of the U.S. domestic capacity while Alaska is just 7%. We fill a niche role in the industry, in that while we are an 85-year old company, we have a low-cost/low-fare business model, yet offer a premium service product to our guests.

We know this hearing is driven by a desire to explore U.S. airline customer service policies in light of certain recent incidents. This has been a tough few weeks for the airline industry and the team at Alaska acknowledges our colleagues at United and other airlines for their policy changes and other efforts to quickly respond to these situations. For our part, Alaska is actively reviewing sensitive customer policies such as overbooking and it is our intention to further improve the experience for our own guests.

Alaska's relative small size requires us to have a laser-like focus on customer service as we compete every day for each of our guests. Our stated purpose is *creating an airline people love*,

which we view as an ongoing process of improvement. We are continuously implementing service enhancements to improve our guests' in-flight experience, including the recent launching of premium class service, the enhancing of our inflight entertainment and connectivity options, and upgrading our food and beverage service. However, it is the caring service our people deliver that is key to us winning guests and any accolades we may receive; and our formal company value of being *kindhearted* serves as an important guide.

We have been humbled to receive recognition for our customer service, including receiving the J.D. Power Award for highest in customer satisfaction for nine years in a row, as well as just recently earning the #1 ranking in the annual Airline Quality Rating, an award based on metrics such as on-time performance and the rate of mishandled bags, denied boardings, and customer complaints. While we are proud of these accomplishments, we know the strong competition we face every day from our fellow U.S. airlines requires us to constantly up our game.

The airline business is not only highly competitive, but also extremely complex. This means comprehensive policies and procedures are necessary. At Alaska Airlines, we also have a focus on empowering our employees to use their judgment to *make exceptions* to policies and procedures to ensure our guests have the most positive experience possible. Our smaller size gives us the ability to be somewhat nimble in this area; as we grow as an airline, we are striving to also grow this empowerment culture. All of Alaska's customer-facing employees have attended a 1 ½ day training session called "Beyond Service", which is specifically designed to give them the tools they need to execute on our high service standards. This training is refreshed annually and incorporated into new hire training courses. In addition, all our customer-facing employees are given what we call an "empowerment tool kit," enabling them to provide

additional compensation, including miles or discounts -- on the spot -- to resolve customer service issues. There is no need to call a supervisor; the focus is on solving the problem and helping the customer. Our airport customer service agents have recently been outfitted with mobile devices to better assist customers and our empowerment tool kit is a key app on these devices.

One area where sound policies *and* good judgment is certainly needed is in the denied boarding environment. At Alaska Airlines, denied boarding events are rare. In 2016, 0.4 guests per 10,000 boarded -- just .004% -- were faced with an involuntary denied boarding. While this positions us as one of the best performers in this area, we believe even this is too high. We are actively looking at our policies to see what we can do to bring this number down further. For example, in a denied boarding situation, we are updating our policies to make explicit that our customer service agents are empowered to do the right thing for our guests, including having discretion over compensation, with the overriding goal to provide the incentives needed so as not to adversely impact our guests. Rather than put in place a hard-upper limit, we believe this discretionary approach will be effective. However, we are committed to a continuous review of our policies to determine if a high-value, maximum upper limit will be more effective at preventing involuntary denied boardings.

At Alaska Airlines, we view the airline business as fundamentally a people business. If we have angry customers, no one wins. This is not to say that mistakes and anomalies do not sometimes arise. And every airline is vulnerable to that. But it has been our experience that such mistakes become lessons that carriers use to improve and, where necessary, implement changes to those

policies and procedures affecting their customers. I believe this is on display with the airlines represented here today.

Thank you for the opportunity to present Alaska Airlines' views, and I would be pleased to answer any questions the Committee may have.



May 26, 2017

The Honorable Bill Shuster
Chairman, Transportation and Infrastructure Committee
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

Chairman Shuster:

The below contains the responses of Alaska Airlines to the questions posed by Congressman Meadows and Congressman Mast, as included in your enclosed letter dated May 12, 2017.

Submitted on behalf of Congressman Meadows:

1.) What is your specific procedure for passengers who wish to fly with firearms or ammunition in their checked baggage?

Alaska Airlines Response:

Our procedures on firearms and ammunition are included in full below, as they are defined in our Customer Service Manual (CSM). Employees learn about such policies and procedures in their initial new hire training classes. The policies and procedures are documented in the CSM that every Customer Service Agent (CSA) has access to. If policies and procedures change, CSAs are issued must read bulletins. Importantly, the specific policies and procedures outlined in the CSM must be followed for the transportation of firearms to comply with the Code of Federal Regulations.

Policies/Procedures:

- When a firearm is presented for transport as baggage, or a customer verbally advises the airline they have a firearm, the customer is required to declare the firearm is unloaded.
- Customers under age 18 are not allowed to carry on or check a firearm.
- Note: Firearm parts (not a frame or receiver) such as a bolt, are not required to be declared. It is acceptable for parts of a firearm to be unlocked inside a checked bag.
- A signed Firearm Declaration and appropriate packaging (locked, hard-side case) is required for a firearm.

P.O. Box 68900, Seattle, WA 98168
P 206.433.3200



- Request the customer to read and acknowledge terms on the Firearm(s) Unloaded Declaration (TZ-09) by signing the form on the "Passenger Signature" line.
- If the customer refuses to sign the TZ-09, the firearm shall not be transported.
- Ensure that one TZ-09 is completed for each bag/container holding a firearm.
- Remove the top copy of the TZ-09 and attach it to the corresponding baggage claim check and hand both to the customer.
- The declaration must be placed inside the suitcase or gun case containing the firearm so the contents cannot be easily identified as a firearm.
- The agent must observe the customer placing the signed Firearm(s) Unloaded Declaration (TZ-09) inside the suitcase or gun case containing the firearm.
- Note: The intent of having an agent observe the customer placing the signed TZ-09 in the suitcase or gun case with the firearm is the agent's safety, and to comply with the intent of the AOSSP regulation.
- Exception: If the firearm inside the hard-sided, locked container is inside a piece of checked baggage, the declaration must be placed inside the checked baggage and proximate to, but not inside of, the hard-sided, locked container.
- !!!WARNING!!! Under no circumstances shall a supervisor, agent or other authorized representative physically inspect a firearm presented for carriage.
- Should checked baggage containing a firearm trigger the alarm at the EDS equipment, agents must make every effort to locate and accompany the bag's owner to the designated screening location.
- When the EDS alarm cannot be resolved, the checked baggage containing the firearm will not be transported.

Firearms Packaging

- Firearms checked as baggage must be unloaded and checked in a hard-sided case. The hard-sided case may be checked by itself or inside another case.
- The container must lock with a key or combination lock that remains in possession of the customer.
- Firearms unsuitably packed shall not be accepted for transportation.

Ammunition

- Ammunition for firearms must be securely packed in a crush-proof wood, fiber, plastic or metal container designed for ammunition.
- The container must be strong enough to prevent accidental crushing and protect the ammunition from accidental discharge.
- Ammunition must be packed in dividers not loose in the container.
- Note: Ammunition can only be accepted inside an ammunition clip if the magazine or clip has a complete and secure enclosure of the ammunition (e.g. with a metal, plastic, or cardboard "oversleeve" designed to fit the magazine, clip, or speed loader) inside a suitcase, firearm case, etc.
- Applicable to flights operated with 737, Horizon Air E175 or Q400 aircraft: Customers may check a maximum of 50 pounds of ammunition on domestic flights.

- Applicable to flights operated with SkyWest ERJ 175 or CRJ aircraft: Customers checking in or connecting may check a maximum of 11 pounds of ammunition on domestic flights.
- Ammunition may be checked with or separately from the firearm.
- Ammunition purchased over the counter for rifles and pistols (.50 caliber or smaller, and 8, 10, 12, 16, 20, 28 and .410 shotgun shells) are acceptable as baggage provided they are packaged properly.
- Dragon Breath shotgun shells are forbidden.
- Spent ammunition shells will be accepted in checked baggage provided they meet the same acceptance procedures as live ammunition (e.g. packed in a crush-proof case).

Retrieval of Rifle Case/Box by Passenger

- Customers picking up their rifle case(s) are required to present photo ID or claim checks at the baggage claim or ticket counter area.
- This policy applies to all containers appearing to be a rifle case, whether or not they actually contain a firearm.
- Containers with special handling requirements are done so for security measures.
- The agent shall page the customer to claim his/her rifle.

2.) Are there additional fees charged for passengers who fly with firearms or ammunition in their checked baggage?

Alaska Airlines' Response:

No. We don't specifically charge for firearms or ammunition. We charge for checked baggage based on weight, size and number of bags per guest. Firearms and ammunition are included in a guest's normal baggage allowance. We also apply fee waivers for various reasons, including for members of our Mileage Plan, Visa Signature Card, as well as for our state of Alaska "Club 49" members.

3.) Are passengers of your airline who lawfully travel with firearms ineligible for services or conveniences that apply to other passengers of the same class, such as (and not limited to) remote or electronic check-ins, seating upgrades, self-retrieval of checked baggage, etc.? Alternatively, does such discrimination between passengers occur for passengers who fly with a firearm on the first leg of a round-trip

Alaska Airlines' Response:

Guests who lawfully travel with firearms are eligible for all the same services and conveniences that apply to other guests. Guests are required to present photo ID and baggage claim checks at the baggage office to retrieve their rifle case/box. Guests connecting to another carrier with a domestic destination may check the firearm to the other airline. Alaska Airlines will verify the specific other airline policy prior to checking these items. Guests connecting to another carrier with an international destination will need to reclaim their firearm and ammunition at the final Alaska Airlines destination and check it directly with the receiving carrier.

Submitted on behalf of Congressman Mast:

1.) What steps does your airline take to improve the travel experience for guests with disabilities?

Alaska Airlines Response:

Alaska strives to ensure our services, policies, and training are inclusive, promoting a great travel experience for *all* guests, including guests with disabilities.

This is a marathon, not a sprint, and we must stay intently focused on ensuring all guests feel welcome and taken care of. The following is a list of initiatives we have in place:

- Structure: Alaska has an individual with responsibility and authority to promote and ensure Alaska is providing accessible services and complying with the Air Carrier Access Act. This individual, Ray Prentice/Dir Customer Advocacy/Accessible Services, also leads an internal Accessibility Advisory Board called "ACCESS", an employee Business Resource Group (BRG).
- Partnership with the disability community: Alaska is actively involved with the disability community, including Open Doors Org, Guide Dogs for the Blind, PVA, Arc, MDA, in addition to collaborating with and Airlines for America (A4A) and on a variety of accessibility programs and services. Alaska hosts a number of experiential events for individuals with disabilities including six "Wings for Autism" events in 2016 and a similar event for individuals who are blind/have low vision. These events benefit the participants, enrich relationships with accessibility partners and provide the perfect vehicle to promote accessibility and inspire all of us to more here at Alaska Airlines.
- Compliance with ACAA and DOT's implementing regulations: Alaska takes its responsibility to comply with the "spirit" and "letter" of the Air Carrier Access act and DOT's implementing regulations very seriously. Alaska actively participates in all DOT forums, the recent Accessibility Negotiated Regulation Rulemaking, and A4A initiated collaborations with the disability community.
- Guest Feedback: Alaska pays close attention to Accessibility related guest feedback regarding service failures and improving our services. Successes are recognized and failures often result in policy changes, reminders, and on occasion bringing the guest to personally share their story with Alaska operational leaders and trainers.
- Training: Alaska includes inclusion and accessibility modules for initial and ongoing training for all guest facing positions (Call Centers, Airports, and inflight). For example, during Flight Attendant training, attendees spend a day in a wheelchair, followed by a session hosted by an Alaska Employee (Access BRG member) to share his life story using a wheelchair, answer questions, and dispel myths. Alaska also has over 700 Complaints Resolution Officials (CRO's), who receive Access/ACAA training to support guests and guest facing staff.
- Guest information: Alaska has worked hard to ensure guests receive information about their rights and responsibilities when traveling on Alaska. To emphasize our commitment to accessibility, Alaska's website homepage (alaskaair.com) includes a link to Alaska's accessible programs and services where guests can view tips, travel rules, suggestions, video's and storyboards.

2.) *What is Alaska's policy on handling scooters and wheelchairs in cargo compartments?*

Alaska Airlines' Response:

- Alaska is committed to promptly returning a guest's scooter/wheelchair back to the guest in the same condition it was received. We understand how important this task is and how devastating it is to the guest when their assistive device is damaged. Alaska has a robust ramp services initial and recurrent training program that is continually updated to address new equipment types and emerging challenges. Alaska has and will continue to partner with great organizations like "Open Doors/ Chicago" to assist us with policies and challenges.

One proactive example: Alaska Policy requires straps be used in all 737/Airbus aircraft – to secure power chairs in the cargo compartment to minimize movement/damage.

3.) *Is your airline taking action on accessible lavatories and inflight entertainment?*

Alaska Airlines Response:

Alaska was an active participant in the DOT sponsored negotiated rulemaking in 2016 and supported the stakeholder agreements. Internal Alaska business owners had been appraised throughout the negotiated rulemaking process and will be prepared for implementation once the rule becomes final.

4.) *What training does your airline provide and what improvement can be made to increase compliance with the ACAA?*

Alaska Airlines Response:

Please see #1 above regarding training. Negotiated rulemaking consensus was not achieved with regards to guests traveling with service animals and emotional support animals. We suggest DOT proceed with an NPRM regarding the definition of a service/emotional support/psychiatric animal (and related documentation and training), to help address the continuing documentation fraud and animal behavior issues carriers face daily. We should add that these concerns are shared by many members of the disability community.

Thank you for the opportunity to respond to these questions. Please reach out to us if you would like additional information.

Sincerely,



Joseph Sprague
Senior Vice President
External Relations

**Testimony of Bob Jordan
Executive Vice President & Chief Commercial Officer
Southwest Airlines Co.
May 2, 2017**

Good morning, Chairman Shuster, Congressman DeFazio, and other members of the Committee. My name is Bob Jordan, and I am the Chief Commercial Officer for Southwest Airlines.

I joined Southwest in 1988 and have spent a good portion of my career working to improve the Customer Experience for those who choose to fly our airline. I am happy to be here today, and hopefully I can provide helpful information regarding various issues related to airline Customer Service.

Before I comment on the key issues that this hearing is trying to examine, let me provide a few quick facts about Southwest.

Southwest started with three Boeing 737 airplanes in 1971, serving Dallas, Houston and San Antonio – the so-called “Texas Triangle.” Today, Southwest has become the largest domestic airline in the United States, with service to 101 airports and carrying more than 120 million passengers annually.

We employ nearly 54,000 people in the U.S. and operate a fleet of around 725 Boeing 737s. As a nearly 30-year Southwest Employee, I am most proud that Southwest has never had an Employee layoff or furlough during our 46-year history and has provided our People with annual profit-sharing for 43 straight years.

A core principle of Southwest Airlines – dating back to our creation by our Founder, Herb Kelleher – is that, as a general rule, if you treat the Employees right, they in turn will treat the Customers right. In other words, happy Employees make happy Customers, who in turn help to make happy Shareholders.

So, while this hearing is about Customer Service, it is important to recognize that airline Employees at airports and in airplanes have fast-paced and Safety-critical jobs, and their wellbeing is the foundation of ensuring a high-level of Customer satisfaction, as well as a safe operation.

With regards to Customer Service specifically, I would like to focus on another longstanding, core principle of Southwest Airlines, which is our official corporate Purpose. That is, “Our Purpose is to connect People to what is important in their lives through friendly, reliable, low-cost air travel.”

It is this Purpose which is at the heart of everything we do at Southwest. Each and every day, we endeavor to provide to our Customers with friendly, reliable, and low-cost air travel.

Southwest has made great strides in all three areas in recent years – including a major Companywide focus on improving Hospitality and encouraging greater Civility – all the while understanding and appreciating the fact that there is always room for improvement. And, despite the best laid plans, our Company is not perfect and mistakes happen.

With our corporate Purpose at top of mind and the need for continuous improvement in a very competitive airline environment, we recently announced that, beginning on May 8th, Southwest will no longer overbook flights.

Southwest's recent decision regarding overbooking is the result of many factors, many of which are unique to Southwest.

First, we have been in the midst of a major upgrade of our reservation system – which we call OneRes – the final components of which will be launched on May 9th. OneRes is by far the most ambitious technological enhancement program we have ever pursued.

With OneRes and related investments, we have greatly improved our forecasting capabilities regarding which Customers will actually show up for a flight. Without OneRes, our overbooking decision would not have been possible.

Also, historically, Southwest has had a comparatively high “no-show” rate. That is because we do not charge a change or cancelation fee and, prior to a few years ago, any Customer could simply not show-up for a flight and still have a full credit for future travel without paying any penalty.

A few years ago, we “incentivized” Customers traveling on our *Wanna Get Away* fares – that is, on our nonrefundable tickets – to cancel their plans before the boarding door closes or risk losing that fully usable travel credit. Because of that change, our “show” rate has increased to an historic best.

Finally, although we have been taking steps over the past several years to reach this goal, the recent scrutiny by the traveling public related to overbooking presented us with a reason to review our procedures and to move forward with the change.

As I said earlier, we are continuously searching for opportunities to improve the services we provide to our Customers and discontinuing the practice of overbooking supports that mission, and it completely consistent with our other Customer-friendly policies, such as Bags Fly Free, no change fees, points that never expire, and unlimited reward seats.

It is important to note that there will still be oversold flights on occasion – strictly for operational reasons on the day of travel; however, we will no longer overbook as part of the selling process.

Again, this doesn't mean flights will never be over-capacity. Occasional operational challenges – such as a weight-and-balance restriction, a smaller replacement aircraft, an inoperable seat, or a disabled passenger who may need two seats – will have our airport-based Employees asking for volunteers. However, overall, we expect denied boarding situations to be reduced by roughly 80 percent as a result of this change.

In conclusion, thank you for inviting me to testify today. I am happy to answer any questions you might have.

**Responses from Bob Jordan of Southwest Airlines
Questions for the Record
June 2, 2017**

Questions posed by Congressman Mark Meadows:

- 1. What is your specific procedure for passengers who wish to fly with firearms or ammunition in their checked baggage, how are employees notified of it, and are employees bound to follow these procedures or at liberty to alter them on a case-by-case basis as they see fit?**

When traveling with firearms or ammunition on any Southwest Airlines flight, we instruct our Customers to declare they are transporting an unloaded firearm and/or ammunition to our Employees at the Ticket Counter as part of the baggage check-in process. The firearm must be in a locked container, with the Customer retaining the key or combination to the lock. Ammunition must be securely packed in packaging specifically designed to carry ammunition. The procedures for checking and transporting firearms and ammunition are the same at any Southwest airport location.

- 2. Are there additional fees charged for passengers who fly with firearms or ammunition in their checked baggage?**

There are no additional fees for Customers flying with firearms and/or ammunition as part of their checked baggage. At Southwest Airlines, two Bags Fly Free for each and every Customer (weight and size limitations apply), including any firearms or ammunition in a Customer's checked baggage.

- 3. Are passengers of your airline who lawfully travel with firearms ineligible for services or conveniences that apply to other passengers of the same class, such as (and not limited to) remote or electronic check-ins, seating upgrades, self-retrieval of checked baggage, etc.? Alternatively, does such discrimination between passengers occur for passengers who fly with a firearm on the first leg of a round-trip?**

A Customer traveling with a firearm and/or ammunition in his or her checked baggage is eligible for all services and conveniences, just like a Customer who is not traveling with a firearm or ammunition.

Questions posed by Congressman Brian Mast:

- 1. The ACAA prohibits discrimination based on disability in air travel. What steps does your airline take to improve the travel experience for passengers with disabilities, including veterans who are catastrophically disabled?**

Southwest Airlines takes pride in the service we provide all of our Customers, including those with disabilities. Overall, Southwest has the lowest ratio of Customer complaints of any airline since 1987, when DOT began compiling compliant data. Southwest was again #1 in 2016 in terms of fewest complaints, per DOT statistics. Moreover, Southwest's executives' compensation is, in part, linked to achieving the highest echelon of Customer Service within the airline industry. To remain a peak performer in terms of Customer Service requires us to constantly review our policies and procedures, and make adjustments when and where it makes sense. Our recent decision to end the sales practice of overbooking is just one example in which we will take the initiative in order to improve the Customer experience.

With regard to our disabled Customers specifically, Southwest tries to make the travel experience as smooth and friendly as possible. For example, Southwest assists Customers with disabilities with boarding, enplaning, deplaning, and the stowage of wheelchairs and assistive devices. We also welcome qualified service animals and emotional support animals in the cabin. Among other things, we make complaint resolution officials available to assist Customers who have concerns at the airport. If we receive a complaint from a Customer about our accommodations for Customers with disabilities, we share it with our leaders to ensure continuous improvement, and revise procedures if needed.

It is important to note that Southwest complies with all laws and regulations regarding the accommodation of Customers with disabilities, including the Air Carrier Access Act (ACAA) and its implementing regulations, found at 14 CFR Part 382 (Part 382). Our customer-facing Employees – especially our pilots, flight attendants, and ground operations personnel – all receive training on the ACAA and Part 382 compliance as part of their initial and recurrent training. Also, each group's operating manual provides procedures for complying with the ACAA and Part 382.

2. On March 2, the U.S. Department of Transportation (DOT) announced a one-year delay of the "Reporting of Data for Mishandled Baggage and Wheelchairs and Scooters Transported in Aircraft Cargo Compartments," which was supported by multiple disability organizations. What is your airline's policy on handling wheelchairs and scooters in aircraft cargo compartments?

In compliance with 14 CFR Part 382, Southwest transports wheelchairs and scooters in the aircraft cargo compartment. We also provide a stowage space in the cabin for one standard-sized folding collapsible wheelchair, on a first-come first-served basis. Our Ground Ops personnel are trained on the proper handling of wheelchairs and scooters. If we inadvertently damage a wheelchair or scooter, our Southwest Baggage Service will arrange to have the Customer's assistive device repaired and if necessary replaced.

Regarding aforementioned DOT regulation, Southwest has long supported improvements in how DOT collects and compiles certain airline data. We applauded DOT's changes to mishandled baggage data reporting – which were long overdue – and were disappointed in

the Department's issuance of a one-year delay. Nevertheless, we will comply with the new wheelchair and scooter data requirements as soon as they go into effect. Our Operations Analytics team is currently doing the preparation necessary to begin complying by the new requirements.

It bears noting that, compared to other industries, airlines are very transparent with our operational metrics, as we are one of the few industries required by law to provide such data to the government for compilation and publication. I am not aware of any other industry – certainly not within the transportation sector – in which so much data is reported to the federal government.

3. In December 2016, the U.S. Department of Transportation (DOT) announced that the Advisory Committee on Accessible Air Transportation (ACCESS Advisory Committee) had reached stakeholder agreement on improving access to lavatories on certain single aisle aircraft and in-flight entertainment for passengers with disabilities. Is your airline taking any action on this issue?

Southwest participated in the DOT's Negotiated Rulemaking process on these two topics throughout 2016. We are pleased that the stakeholders were able to achieve a consensus on two important issues – accessible lavatories on narrow-body aircraft and accessible in-flight entertainment.

The next step will be for DOT to issue a Notice of Proposed Rulemaking based on the consensus, and we plan to file supportive written comments. We believe the Negotiated Rulemaking was a helpful process because all stakeholders got to have a voice at the numerous in-person meetings. We hope that DOT will consider using Negotiated Rulemakings in the future, as a better alternative to traditional rulemaking, which involves only written comments submitted in a docket, and no formal opportunity for reply comments or any type of constructive dialogue.

4. What training does your airline provide to meet the needs of passengers with disabilities? Do you believe changes or improvements can be made to increase your airline's compliance with the Air Carrier Access Act?

Southwest's Customer-facing Employees – especially our pilots, flight attendants, and ground operations personnel – all receive training on ACAA compliance as part of their initial and recurrent training.

We are always striving for continuous improvement in all aspects of our airline, and the training program is no exception. If we identify a need for additional training concerning any aspect of the ACAA or Part 382 regulations, we have many options for communicating that with our Customer-facing employees, ranging from bulletins to classroom training.

Testimony of Kerry F. Philipovitch
Senior Vice President, Customer Experience, American Airlines
House Committee on Transportation & Infrastructure
Hearing on Airline Consumer Issues, May 2, 2017

Good morning Chairman Shuster, Ranking Member DeFazio & distinguished Members of the Committee. My name is Kerry Philipovitch, and I am Senior Vice President of Customer Experience at American Airlines. Thank you for inviting me to talk with you about American Airlines' focus on improving customer service.

Our mission at American Airlines is to validate the trust that our team members, customers and shareholders place in us. Accomplishing this mission starts first with investing in our team. At American, we are investing in our 120,000 team members so that they, in turn, have all they need to safely transport the nearly 200 million customers who fly with us annually.

We are a global airline that operates nearly 7,000 daily flights to 350 destinations in 50 countries. While we strive for perfect customer service every day, the reality is the system is far from perfect, and given the breadth of our operation and the multiple customer interfaces throughout the travel process—some of which are outside the control of American—mistakes will happen. Nonetheless, when these customer service issues occur, we work quickly to fix and learn from them.

Despite our vigorous efforts to improve the customer experience, there have been some high profile incidents in recent weeks that set back some of the progress we've been making. And in response, we at American have taken action to create a better travel process for both our team members, and the flying public. I'll explain more about those changes below.

In short, it is the responsibility of our Company's leadership team to continuously reevaluate processes in order to put our team members in position to deliver great service, and to serve our customers. We gladly accept that responsibility.

A Changing Industry

Customer service in the airline industry is more important now than ever because of the how our industry has changed over the past 50 years.

In the 1970s, flying was expensive—about 32 cents per mile—which cost about two percent of a consumer's annual income to purchase. The high cost of air travel meant it was not accessible to many and airplanes were about 55 percent full. Most Americans averaged less than one trip per year. For the privileged few who could afford to fly, the travel experience was luxurious and opulent.

Fifty years later—we've seen an industry evolve as market forces created volatile decades with more than 100 airline bankruptcies, mergers, and acquisitions. On the other side of this natural evolution, the U.S. airline industry today is stable, the safest in the world, competitive, and most importantly, open to all Americans. Air travel is more affordable and accessible than ever, as

competition has driven down the real price of flying to about 14 cents per mile, a 56 percent decrease since the '70s in real terms. With this open access and affordability comes more people; airplanes are now roughly 83 percent full. In the years that preceded the raft of bankruptcies in the airline industry—while other industries were focusing on improving their customer service—the airline industry was changing our business model in response to lower fares and increased demand, and simply trying to survive. Required changes to products and services were not always viewed favorably by customers.

As we moved past an unstable and vulnerable period, we are focusing on restoring the flying public's confidence in American Airlines' operation and improving our customer experience, which often times go hand-in-hand.

While we have made some noteworthy changes as a result of recent high-profile incidents, the reality is we've been hard at work to enhance our customers' experience ever since we've had the stability and financial wherewithal to do so. And we're seeing the results of our front-line team members' hard work to improve the reliability of our operation.

Our most recent example is American set new reliability records just two months ago for mainline flights departing on-time, flights arriving on-time, and extremely low rates of mishandled baggage. For customers, this means the plane left the gate when it was supposed to depart, it arrived when our schedule indicated it would, and all of the luggage that was supposed to arrive was waiting at the baggage claim carousel. This sounds ridiculously simple, but for an amazingly complex system, impacted by unpredictable weather patterns, an aging air traffic control system, and other variables out of the airlines' control, this seemingly simple task is extraordinarily difficult at times.

We are making great progress at American and our customers are noticing. American is proud to have recently been recognized by Air Transport World with the 2017 "ATW Airline of the Year" award, and we were named "Full Service Airline" brand of the year in the 2017 Harris Poll. In the recently released American Customer Satisfaction Index "ACSI Travel Report 2017," American showed significant year-over-year improvement and received its best ever score.

But this is a competitive marketplace, and customer expectations are shaped by both their travel experiences and the products and services they consume in other industries. During the years that airlines were restructuring to create a stable business, other industries were evolving their focus to build customer-centric cultures, and we understand that we have some catching up to do.

Competition within our industry is vigorous, and this is a good dynamic as we know this means we have to keep improving to attract and retain customers. In addition to competing with three other large U.S. airlines with international footprints, we compete with seven fast growing domestic carriers. These airlines have differing products, procedures, pricing, and service upon which we compete for customer loyalty. And all of this adds up to more choice for air travel consumers.

This intensely competitive environment is evidenced by the falling price of an airline ticket: adjusted for inflation, the average cost of an airline ticket has decreased by more than 24 percent

since 1995. Just last week, the Department of Transportation (DOT) announced that the cost of an airline ticket decreased by an average of nearly nine percent just since last year, while the U.S. Consumer Price Index escalated by 2.4 percent.

Taking Care of Our Team Members

Industry restructuring took its toll on airline employees as well. And we have much work to do to restore trust with our team members. Our leadership team focuses every day on building an engaged and excited workforce of frontline team members, and on making sure that all of our team members feel valued, appreciated, and proud. The men and women of American work in noble professions that contribute positively to the U.S. economy and to people's lives. Every day, our customers are able to attend important business meetings, life events, and to see the world due to the work our people do to transport our customers to their destinations safely and on-time.

At American, we've added more than 10,000 jobs to the economy as thousands of aviation professionals have joined our team over the past three years. Pilots, aircraft technicians, reservation agents, and flight attendants are just a few of the professions that are quickly growing at American. These are well-paid positions and at American, the average annual pay for our team members over the past three years has increased nearly 40 percent.

We are also investing in enhanced training for our customer-facing team members. Their jobs are complex, especially when travel plans are disrupted, most often by factors outside of their control, including weather or air traffic control delays. By July, approximately 40,000 frontline team members will have completed an innovative new training initiative to help build customer interaction and collaboration skills and ensure they have the tools they need to serve our customers in all circumstances. In light of recent events, we are working to further enhance the curriculum to strengthen our team members' abilities to avoid and de-escalate contentious interactions.

Refreshing our Fleet, Infrastructure, and Technology for our Customers

Supporting our team members is the most important thing we're doing to improve the customer experience, but it's far from the only thing.

At American, we take delivery of a new airplane on average every four days, and by the end of the year, we will have invested more than \$15 billion to make our fleet the youngest and most fuel-efficient in the industry. And there's much more to come. We have 302 new aircraft on order worth an additional \$18 billion through 2020. American is also investing in the customer experience onboard the aircraft. We're devoting nearly \$3 billion to things like more lie-flat seats; faster, satellite-based Wi-Fi; more in-flight entertainment options; more power outlets; refurbished airport clubs; and upgraded food and beverage choices.

And we're investing in the customer experience at the airport. American has \$17 billion in capital improvement projects underway at multiple airports in which we operate, including in Dallas/Fort Worth, Los Angeles, and Miami. We also have multiple airport improvement

projects in the queue, including contributing to a new regional terminal at Washington Regan National Airport to once and for all retire the dreaded Gate 35x.

Finally, like many companies, we are leveraging technology to improve the customer experience. We recently updated our mobile app to include more information and functionality for customers, and an easier-to-use interface. Later this year, we will launch new technology to communicate more accurate and timely information to customers if their travel has been disrupted, and provide customers with more self-service options to take control of their travel plans during irregular operations. We continue to evolve the back-end support tools we use to make operational decisions and serve our customers. Because our business is impacted by so many factors beyond our control, we are focused on providing strong safety nets to allow us to recover quickly when things go wrong.

We Have More Progress to Make As a Company

With safety first, customer experience is American's most urgent priority. This is the right thing to do for our customers. And in light of the vigorously competitive nature of the airline industry, we know that great customer service is essential.

Given that we work in a business that relies on people serving people, and with 120,000 team members who are spread around the globe, it will be difficult to avoid inconsistencies and occasional missteps. But how we recover from those is key. We know it is the responsibility of airline leadership to ensure our teams have the proper training, tools, resources, and environment to create a reliable, convenient, and pleasant experience for our customers, and to provide them with support to fix problems when they occur. And it is that responsibility that is at the forefront of all we do.

On April 21, an incident occurred on an American flight from San Francisco to Dallas/Fort Worth that involved one of our team members and a customer traveling with small children. Clearly what was recorded disappointed all of us, and we took immediate steps to apologize to the customers involved and to the broader public who viewed the scene captured on video. Our focus was on ensuring our customer and her children were cared for during the rest of their trip.

We issued a prompt public apology and reinforced that this incident did not reflect the values of our company and team members, or how we care for our customers. We also removed the team member in question from duty to allow for further review. Situations like this are an outlier, but it is important for American to take responsibility when we don't handle things well. In this case as in any other, we accept that responsibility completely.

We understand travel can be stressful. Managing a difficult situation well is one of the most important aspects of our team members' jobs, and we need to make sure they have the training and empowerment to take appropriate steps to resolve challenging situations in real time.

Our team takes care of hundreds of thousands of customers each day. And they do a phenomenal job. We are proud of them and appreciate the care they give each other and our customers.

Heightened Review of all Customer Service Policies and Procedures

Other recent airline events have drawn concern about customer impacts from airlines overselling flights. An oversale situation occurs when more confirmed passengers arrive at the gate on the day-of-departure than the number of seats on the aircraft. More than 50 percent of oversales are due to operational factors, including weight/balance restrictions, equipment swaps due to air traffic congestion, moving crew members to avoid future service disruptions, and accommodating Federal Air Marshals.

American's process for accommodating customers during oversale situations centers on soliciting volunteers to give up their seats. We do this in multiple ways. First, our Reservation Support Team identifies heavily oversold flights before customers arrive at the airport. With advance visibility to all customer itineraries, we can identify and reach out to customers for whom we have the best alternative options – sometimes even improving their routing or arrival time at their destination. Our team proactively calls customers to offer an alternate flight in exchange for a travel voucher. If that doesn't work, or we don't know a flight is oversold until customers check-in, then we rely on our gate agents to seek volunteers at the airport prior to boarding.

In just the short time since the United incident, we've worked to make our process even better. Our Day of Departure Desk—which troubleshoots departure issues across our network from Dallas/Fort Worth—now monitors every flight that is oversold and gets involved earlier than before to ensure that we can find volunteers.

Additionally, there is now a dedicated hotline into our Day of Departure desk so our gate agents can offer the compensation necessary to entice customers to volunteer. We have not established an upper limit on what we will pay to solicit volunteers, and have entrusted our team to make the best decisions to serve our customers.

Even before these new procedures were implemented, the number of involuntarily denied boardings at American was very small. In 2016, according to DOT statistics, out of 131 million American Airlines enplanements, only 8,312 customers, or 0.64 per every 10,000 customers, were involuntarily denied boarding. New procedures are already showing a reduction to the low numbers of involuntary denied boardings as we work to bring the number closer to zero.

We made another important change as well: we committed that we will not involuntarily remove a customer who has already boarded the aircraft to accommodate another passenger. Period.

We are also reviewing other policies and procedures to see if there are additional changes we can make to elevate further our commitment to customer service.

It is concerning to see that recent high-profile incidents have been interpreted by some as evidence that airline customer service is broken. While there's no question that we can do better, we're making steady progress. Overall airline customer satisfaction increased in 2016, reaching an all-time high in the J.D. Power airline ratings and tying the record in the 2016 American

Customer Satisfaction Index Travel Report. In fact, industry ratings in both reports have improved each year since 2012.

Working toward a Solution

There is no question that flying can be stressful, and missteps along the way do occur. When they do, we first deliver a quick resolution to our customers, we commit to finding the root cause, and we incorporate those learnings quickly. It is this process that leads to continuous improvement at American. We are confident that the investments we are making in our operation, in our product, in airport infrastructure, and in our 120,000 team members will yield enormous benefits for the customers who travel on American Airlines.

A customer's flying experience is influenced not only by airline customer service, but by airports and a number of other touch points along the way. We have a great partnership with many of the stakeholders within the travel experience, including the Federal Aviation Administration, the Transportation and Security Administration, and Customs and Border Protection. We will continue to work collaboratively with all of our partners to improve the customer experience.

This is a time of great optimism at American Airlines, and it can also be a great time of optimism for air travel in our country. American is committed to validating the trust that our team members, our customers, and other stakeholders place in us each day. And we look forward to our continued work together to make this economic engine of our country all it can and should be so that Americans everywhere, have the choice to travel affordably, safely, and comfortably.

I appreciate the chance to be here, and I'm pleased to answer any questions you might have.



Kerry F. Philipovitch, Senior Vice President, American Airlines
Responses to Majority-Side Questions for the Record

Questions submitted on behalf of Congressman Mark Meadows (NC-11)

1. *What is your specific procedure for passengers who wish to fly with firearms or ammunition in their checked baggage, how are employees notified of it, and are employees bound to follow these procedures or at liberty to alter them on a case-by-case basis as they see fit?*

Laws on the possession of firearms differ between states and countries. Within the United States, customers can only travel with firearms and ammunition, including pellet and BB guns, as checked baggage if the customer is over 18 years old. The customer must check the firearm and ammunition with an agent at check-in and declare that they are traveling with a firearm and ammunition.

American Airlines policy states that firearms must be 1) unloaded, and 2) in a hard-sided container where the firearm is inaccessible or locked. Ammunition must be in the original packaging from the manufacturer or in packaging specifically designed to carry small amounts of ammunition, with a maximum of 11 pounds per container or customer. Ammunition is not accepted in magazines or clips.

Team members are notified of procedures for customers who travel with firearms and ammunition in their checked baggage via an internal online system that is the source of all American Airlines policies and procedures. The policies and procedures for customers traveling with firearms in their checked baggage are uniform, from which team members are not allowed to deviate.

2. *Are there additional fees charged for passengers who fly with firearms or ammunition in their checked baggage?*

American Airlines does not charge an extra fee specifically for handling firearms or ammunition in checked baggage unless required by law of a foreign country. According to the law in the United Kingdom, for instance, special handling is required and American Airlines incurs a fee of £50 (roughly \$80) for handling of checked baggage with firearms. That fee is then applied to all American Airlines customers who travel with a firearm in their checked baggage to the United Kingdom.¹

Other baggage fees may apply depending on oversize and/or overweight requirements that are applicable to all customers, regardless of whether they are traveling with checked firearms and ammunition.

3. *Are passengers of your airline who lawfully travel with firearms ineligible for services or conveniences that apply to other passengers of the same class, such as (and not limited to) remote or electronic check-ins, seating upgrades, self-retrieval of checked baggage, etc.? Alternatively, does such discrimination between passengers occur for passengers who fly with a firearm on the first leg of a round-trip?*

Customers who lawfully travel with a firearm in checked baggage are eligible for all services and/or conveniences that apply to other customers of the same class. All checked baggage—including those

¹ Customers can view requirements to travel with firearms internationally on CBP's website (https://help.cbp.gov/app/answers/detail/a_id/323/~travelling-outside-of-the-u.s.-temporarily-taking-a-firearm%2C-rifle%2C-gun%2C).

Kerry F. Philipovitch, Senior Vice President, American Airlines
Responses to Majority-Side Questions for the Record

with a firearm—is through checked to the final destination without any additional action by the customer.

American Airlines requires customers to pick-up their checked firearms at the Baggage Service Office in the same proximity as the baggage carousel to ensure that all firearms and ammunition are lawfully returned to the rightful owner upon arrival in the final destination, which is the same procedure we use for checked baggage of excess valuation. The customer must produce the baggage claim or identification to claim the checked firearm. This policy is communicated to the customer by the team member who accepts the checked baggage prior to departure.

Questions submitted on behalf of Congressman Brian Mast (FL-18)

1. The ACAA prohibits discrimination based on disability in air travel. What steps does your airline take to improve the travel experience for passengers with disabilities, including veterans who are catastrophically disabled?

American Airlines is deeply committed to providing a dignified and seamless experience for customers with disabilities, including veterans who are catastrophically disabled.² We know that the travel experience is not easy for customers with disabilities, and we have to constantly improve, train, and innovate to ensure the travel experience for customers with disabilities is no different than customers without.

To that end, we have initiated a system that reviews, sets standards of excellence, and holds team members and business partners accountable for any gaps in the experience of disabled customers who travel on American.

Our comprehensive review is focused on three key areas that we believe most impacts our disabled customers' travel experience: 1) customer handling at the airport; 2) wheelchair and special service request provider availability; and, 3) wheelchair/assistive device handling. As part of the process, we are collecting feedback from our customers and are sharing the feedback with our stations to praise success and quickly address areas of opportunity.

Although customer feedback is the most important, we are also conducting internal audits of interaction that our front line team members and wheelchair attendants have with each customer. Similarly, we are sharing the results of the audits with our station leadership, as well as our business partners, to raise the level of service for our customers with disabilities.

We recognize that disabled customers need advocates at each airport station who ensure all policies and procedures are followed, and who can address any issues in real-time. To that end, all of our stations now have a Special Needs Champion who is dedicated to enhancing the travel experience of customers with disabilities. Specifically, Special Needs Champions review the compliments and

² American Airlines has a long history of honoring those whose sacrifices have given us the freedom to fly. With our partners, we look for ways – big and small – to thank military members for their service. Our extensive commitment to the military can be found at <https://www.americanairlines.com/i18n/customer-service/about-us/let-good-take-flight/our-heroes.jsp>.

Kerry F. Philipovitch, Senior Vice President, American Airlines
Responses to Majority-Side Questions for the Record

complaints generated by customers and are accountable for addressing any concerns or issues at the station.

And, as we continue to improve at American Airlines, we are also demanding the same level of ownership and change from our business partners who affect portions of the travel experience of customers with disabilities. We started by identifying gaps in training of our business partners and are now requiring that their training meets the high standards required by American. For instance, we have identified maximum wait times that our customers are expected to wait for a wheelchair attendant, and we are now penalizing our business partners who exceed that standard.

Our dedication to customers with disabilities also extends to providing the best equipment to ensure we safely transport assistive devices. We are currently testing a wheelchair lift that will be used to safely transport assistive devices from the jet bridge to the ramp. Once the test is complete, we will begin deploying these lifts system-wide. Special baggage carts are also being manufactured and deployed to better assist the ramp team in loading assistive devices and ensuring the device is returned to the customer the way in which it was checked-in. We are also working with several vendors to review software and hardware applications that can be used within the operation to better respond to customer requests for wheelchairs.

2. *On March 2, the U.S. Department of Transportation (DOT) announced a one-year delay of the "Reporting of Data for Mishandled Baggage and Wheelchairs and Scooters Transported in Aircraft Cargo Compartments," which was supported by multiple disability organizations. What is your airline's policy on handling wheelchairs and scooters in aircraft cargo compartments?*

We understand the importance of carefully handling wheelchairs, scooters and other assistive devices for our customers with disabilities. We take great care in properly handling all devices per rules and regulations outlined by DOT, including the gate delivery process; handling of battery powered wheelchairs; handling of wheelchair batteries; wheelchair powering; wheelchair side loading; wheelchair handling and loading guidelines; and, securing wheelchairs in the cargo bins.

We offer comprehensive initial classroom training and recurrent classroom training regarding assistive device policies to ensure all American Airlines team members have the tools to properly handle and store assistive devices with care.

3. *In December 2016, the U.S. Department of Transportation (DOT) announced that the Advisory Committee on Accessible Air Transportation (ACCESS Advisory Committee) had reached stakeholder agreement on improving access to lavatories on certain single aisle aircraft and in-flight entertainment for passengers with disabilities. Is your airline taking any action on this issue?*

During last year's ACCESS Advisory Committee meetings, American participated extensively with other stakeholders, including representatives from the disabled community, in forging consensus on accessible lavatories, in-flight entertainment, and service animals. Unfortunately, the ACCESS Advisory Committee did not reach an agreement on reforming the issues surrounding service animals. Nevertheless, American expects DOT to memorialize the consensus reached on accessible lavatories and in-flight entertainment through a future rulemaking.

Kerry F. Philipovitch, Senior Vice President, American Airlines
Responses to Majority-Side Questions for the Record

4. *What training does your airline provide to meet the needs of passengers with disabilities? Do you believe changes or improvements can be made to increase your airline's compliance with Air Carrier Access Act?*

We are deeply committed to improving the travel experience for customers with disabilities. In addition to the protocols and training already detailed, we provide an extensive training component—both initial and recurrent—for our Customer Service Agents. Our Ramp Team Members also receive extensive training on wheelchair handling, and have similarly introduced a recurrent training program. Finally, we provide on the job training for wheelchair handling at our Crew Chief Summits, which are conducted quarterly with Crew Chiefs from all of our Hubs and Gateways. We utilize this venue to provide a hands-on experience to disassemble wheelchairs and ensure the wheelchair is returned to the customer the way in which it was entrusted to us.

American Airlines Customer Experience executives have passion for serving customers with disabilities, as evidenced by their participation in American's disabilities task force referenced above and through participation in philanthropic activities. Kerry Philipovitch, American's Senior Vice President of Customer Experience, serves as executive sponsor for the Abilities Employee Business Resource Group, which works to create a culture that welcomes people with differing abilities. Suzanne Boda, American's Senior Vice President of Los Angeles, serves on the national board of The American Association of People with Disabilities, a convener, connector, and catalyst for change, increasing the political and economic power of people with disabilities, and coordinates American's efforts to support this important community.

We strive for perfection in customer service for all who fly on American Airlines, but particularly our disabled customers. When we fall short, we have a robust review and action plan in place to ensure we address any shortfalls immediately. We will continue to improve, train, and innovate to ensure the travel experience for our customers with disabilities is seamless and dignified. It is not only our legal obligation, but also our moral obligation to provide safe and comfortable travel for customers with disabilities.

TESTIMONY OF

WILLIAM J. MCGEE

**AVIATION CONSULTANT
CONSUMERS UNION**

BEFORE THE

**HOUSE COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE**

CONCERNING

“OVERSIGHT OF U.S. AIRLINES CUSTOMER SERVICE”

MAY 2, 2017

Good morning, Chairman Shuster, Ranking Member DeFazio, Chairman LoBiondo, and Ranking Member Larson, and Committee Members. On behalf of Consumers Union, the policy arm of Consumer Reports, thank you for the opportunity to speak today regarding the concerns of millions of American air travelers.

The abusive mistreatment of Dr. David Dao onboard United Express Flight 3411 last month shocked us all, and powerfully brought home, once again, that consumers are at the mercy of powerful airlines in an ever-more concentrated industry, facing increasingly less competition, and showing less interest in how their passengers are treated, than in how their passengers can be taken advantage of to increase profits. American consumers are very much aware that Dr. Dao's fate could all-too-easily have been their own.

This incident – and other recent media reports of disturbing treatment of airline passengers – has re-galvanized Congress to action, and we applaud this Committee for calling this hearing.

The major airlines may boast of investing new millions into their operations, but a closer examination reveals those investments often focus on amenities and perks for the few who can afford to pay more to fly in premium classes, while the overwhelming bulk of passengers in economy class are subjected to packed cabins, tight seats, new and higher add-on fees, and – all too often – an utter lack of respect.

We hope the Committee will take this opportunity not only to address the issues of overbooking and denied boarding, but to take a broader look at the one-sided Contracts of Carriage that give all the rights to the airlines, and precious few rights to their passengers.

I. REINING IN AIRLINE OVERBOOKING AND DENIED BOARDING

Dr. Dao's mistreatment highlights one aspect of passenger rights that is badly in need of reining in – the out-of-control practice of airlines overbooking flights and then not having seats for all passengers who have bought tickets.

The practice of overbooking is a throwback to the 1950s, an era when passengers could make multiple alternative bookings without penalty, and

often did, exposing airlines to being surprised by unexpected empty seats. Overbooking was a calculated way for airlines to cope with this unknown.

But since deregulation, four key factors have eliminated the need to overbook:

- “no-show” passengers today are penalized, either with high fees or the forfeiture of their tickets, thereby allowing the airline to get paid twice by reselling the seat;
- greater market concentration, reduced competition, and state-of-the-art reservations and yield management systems allow airlines to closely manage selling all available seats;
- airlines have rescinded once ubiquitous “interline” agreements that allowed bumped passengers to be accommodated on rival carriers at no charge to the passengers;
- record-high passenger loads – historically in the 50 to 60 percentile range – now average in the low 80s and regularly reach 100%.

We are not aware of other industries in America where the business is given this kind of free license to oversell the product, with so little accountability for failing to deliver. Last year, domestic carriers bumped 40,629 passengers against their will. Airline executives may tell you this is a small percentage of the total passengers carried. But this disregards the pain and frustration of those 40,629 people, who paid for their tickets, made their plans, and then were selected – without explanation, based on criteria known only to the airline – to miss family events, business meetings, and vacations.

United has now announced it will no longer forcibly remove a passenger who has already been permitted to board, for reasons other than safety and security. And it has announced it will increase the inducements it offers for ticketed passengers to voluntarily give up seats, to a maximum of \$10,000 per seat. Both JetBlue and more recently Southwest have stated they will not intentionally overbook.

But rather than leave overbooking to the discretion of the airlines and their shifting incentives, we would urge this Committee to set clear and

reasonable guidelines and limits for all airlines to follow, and that all consumers can count on.

Essentially, we believe that if the airlines want to continue overbooking, the risk of ticketed passengers without seats should be entirely on the shoulders of the airline making that calculation, rather than on the passengers. The needed change is that all denied boardings should truly be voluntary. The airline should pay whatever compensation is necessary to convince a passenger to willingly give up the seat.

For most domestic flights, at least, the amount the airline would end up paying for the seat would likely be far less than the \$10,000-per-ticket amount United has already said it is prepared to pay. But there should be no arbitrary ceiling that results in any passenger ever being forced to give up a seat because of overcapacity or to give preference to another passenger deemed “more valuable” to the airline. Again, the risk of overbooking should be on the airline choosing to overbook.

II. OTHER HARMS TO PASSENGERS

Airline industry consolidation – and most particularly, the “mega-mergers” since 2008 of Delta/Northwest, United/Continental, and American/US Airways – has left us with an industry too concentrated, with not enough competition, which has hurt consumers and entire communities. The harmful effects of this consolidation have come home to roost in numerous ways.

Among them: higher fares, especially on routes not served by low-cost carriers; the downgrading of major airport hubs across the country; fewer nonstop flights, and fewer flight frequencies on many routes; and an overall marked decline in customer service and customer satisfaction.

A lack of competition and consumer choice allows carriers to disregard the interests and concerns of their passengers in ways that would have been unthinkable when there were 12 or 10 or even 8 major airlines in the United States competing for customers.

One result of higher concentration has been record high passenger loads, as fewer and more powerful airlines find that they can reduce flights

and routes to suit their own bottom line, without fear of seeing another airline step in to fill the gap.

Record passenger load factors mean more frequent boarding delays, tighter seating, cramped overhead bin space. And they also mean less ability for airlines to effectively handle problems when they arise. If there's a mechanical issue with an airplane, for example, and it needs to be grounded for safety reasons, there's less likely to be space on other flights, or a spare plane and standby crew available to step in. So passengers are more likely to be stranded.

Compounding the harmful effects of industry concentration, passenger protections are further compromised by the fact that the Airline Deregulation Act preempted state consumer protection laws. The stated intent was to keep states from re-imposing the kinds of economic regulation that Congress was removing at the federal level. But the effect has been broader. For example, consumers do not have the private right of action to sue, and courts cited the federal preemption clause in striking down New York State's 2007 Airline Passenger Bill of Rights.

There has also been a widespread increase in outsourcing, particularly with aircraft maintenance, sometimes to foreign countries where safety oversight by the FAA is more difficult. And there also has been a dramatic increase in outsourced carrier operations, through codeshare marketing deals with regional carriers, now operating more than 50 percent of daily domestic departures, further obscuring accountability on both safety and customer service issues.

It also has become more difficult for consumers to determine the true cost of flying. Any appearance that airlines are holding down fares – adjusted for inflation, as they like to say – is a mirage, especially on routes not served by low cost carriers. The base fare is now accompanied by add-on fees, for more and more kinds of basic services that consumers used to be able to count on as being included in the base fare. Basic services such as checking baggage, selecting seats, changing flight reservations, even *carrying on* a small bag.

This means it is no longer possible to make accurate apples-to-apples comparisons to previous airfares. It also means it is now harder for

consumers to comparison shop for the best fare, particularly if the add-on fees are not transparently and conveniently made available on all ticket sites.

III. MEANINGFUL PASSENGER RIGHTS PROTECTIONS

We hope we have seen the last of the airline mergers. But in many ways, we have already lost the benefits of competition, and no new scheduled passenger airline has emerged since 2007. It is all the more important in this concentrated air travel industry that the airline incentives to increase profits be held in check by strong and clear protections that consumers can rely on.

We need a consistent, uniform, comprehensive, clearly written set of passenger rights for U.S. airlines.

A good starting point for developing a clear set of passenger rights and protections might be the European Union's written statement of passenger rights, which has been working well for air passengers in the EU for 12 years.

What we cannot do is continue to leave it to the airlines to decide what rights they will confer, from time to time, in their Contracts of Carriage – which, as we have documented over the years, are lengthy, filled with legal jargon, and where the priority is to protect the airline, not its passengers – and are subject to change whenever it suits the airline.

Here's an example taken from Delta's Contract of Carriage:

"Delta's published schedules are not guaranteed and form no part of this contract. Delta may substitute alternate carriers or aircraft, delay or cancel flights, change seat assignments, and alter or omit stopping places shown on the ticket at any time. Schedules are subject to change without notice."

And here are some of the passenger protections that belong on your list:

- clear and consistent guidelines for compensation for flight delays of varying lengths (rebooking, refunds, meals and lodging when necessary, etc.);

- clear and consistent guidelines for compensation for flight cancellations (rebooking, refunds, meals and lodging, etc.);
- clear and consistent guidelines for compensation for mishandling baggage;
- clear and consistent guidelines for compensation for *voluntary* relinquishment of a ticketed seat due to overbooking or priority of other passengers; and a clear prohibition on *involuntary* relinquishment of a ticketed seat due to overbooking or priority of other passengers;
- clear guidelines for involuntary denied boarding and forced removal for safety and security reasons;
- complete airfare transparency, including for all taxes and surcharges, and for all possible ancillary fees, equally available in all booking channels, both online and offline, whether offered through the airlines themselves or offered through third parties;
- enforcement of minimum seat standards to ensure reasonable passenger comfort; address health concerns, including the risk of deep vein thrombosis; and promote safety, including adequate space for effective evacuation;

Much has happened in the airline industry in the nearly four decades since passage of the Airline Deregulation Act. But some of the key promises of deregulation – especially enhanced competition and improved customer experience – have not been realized.

Fixing the airline industry is a conversation comprised of many details and nuances. But these disturbing incidents of passenger mistreatment have made clear it's a conversation we need to undertake immediately.

I will be happy to answer any questions you may have. Thank you very much.

WASHINGTON

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Committee on Financial Services
Ranking Democratic Member
Subcommittee on Housing
& Insurance

Committee on Transportation &
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Committee on Ethics



Congress of the United States
House of Representatives

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May 12, 2017

The Honorable Bill Shuster
Chairman
Transportation and Infrastructure Committee
2251 Rayburn House Office Building
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The Honorable Peter DeFazio
Ranking Member
Transportation and Infrastructure Committee
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The Honorable Frank A. LoBiondo
Chairman
Subcommittee on Subcommittee on Aviation
2251 Rayburn House Office Building
Washington, DC 20515

The Honorable Rick Larsen
Ranking Member
Subcommittee on Subcommittee on Aviation
B-375 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Shuster, Chairman LoBiondo, Ranking Member DeFazio, and Ranking Member Larsen:

I write today to request the attached statements from Flyers Rights be entered into the record for the May 02, 2017 hearing on Oversight of U.S. Airline Customer Service.

Sincerely,

Michael E. Capuano
Michael E. Capuano

Please visit our website to sign up for our newsletter
www.house.gov/capuano

Printed on recycled paper



TO: Members of Congress and US Dept. of Transportation

FROM: Paul Hudson, President, Flyersrights.org Member, FAA Aviation Rulemaking Advisory Committee (1993-present)

DATE: May 5, 2017

RE: Essential Reforms Needed to Stop Unjust Airline Passenger Ejections and Bumping

In the past month about 1 billion people have viewed on video the shockingly violent removal of Dr. Dao from a United Airlines flight on April 9th for refusal to give up his seat, followed by removal of a mother with two babies after an apparent assault and battery by an American Airlines flight attendant, followed by Delta Airlines removals of a passenger for using the restroom during a long tarmac delay and then a family of four with a one and two year old over the use of a paid for seat with an child seat threatened with arrest, arrest, jail and removal of their children so their seat could be used by a standby passenger. It is obvious that airline passenger abuse is not isolated and will not be solved by relying airline promises or voluntary policies.

The same plea to Congress was made in 2000 after a publicized tarmac confinement incident in Detroit by Northwest Airlines involving 4,800 passengers, but was found to be totally ineffective after it was discovered in 2008 that at least 150,000 passengers per year were be held against their will on the tarmac for up to 12 hours to prevent "passenger migration". This abusive airline practice was only ended by the DOT promulgated Three Hour Rule effective in 2010.

Accordingly, in addition to the comprehensive reform proposals contained in the Flyersrights.org Airline Passengers Bill of Rights 2.0 available on the Flyersrights.org web site, we believe the following measures are essential to prevent hundreds if not thousands of incidents of unjust and unnecessary removal or bumping of passengers by airlines.

1. Suspend overselling of seats and require airlines to justify need for this exception
to normal contract law, in contemplation of repeal of the oversales rule.
2. End involuntary bumping especially when passengers have boarded aircraft.
3. Repeal or modify Patriot Act provision that makes ignoring or disobeying flight crew
Instruction a federal felony (interference with flight crew) punishable by 20 years in prison, now

used to threaten, eject and have passengers arrested for minor non terrorism related matters
(prior to 2001 generally punished by FAA fines or under state criminal laws)

4. Modify or eliminate rules that allow airlines to charge high change fees or forfeiture of paid ticket reservations for name corrections or substitutions
5. Basic Due Process for Passengers.
 - a) Mandatory written notices and warnings to passenger with their rights, remedies (Yellow Card solution) and obligations prior to removal or bumping, with right of notice of infraction and opportunity for immediate appeal to Captain,
 - b) Require Captain to sign form finding Passenger ejection necessary for safety or security of flight and certifying that Passenger has been provided with written notice of rights and remedies,
 - c) Plain Language statement of passenger rights and remedies in Contract of Carriage and in seat pockets including complaint form and claim procedures to airline, DOT, and passenger assistance organizations, with mail addresses, phone numbers, email addresses and fax numbers, plus flight delay and baggage compensation rights under US and international law, plus posters in airports with contact information for detailed rights and remedies.
6. Require that airlines offer cash or check for bumping compensation, not vouchers or coupons and prohibit airlines from requiring passengers sign a liability waiver as a condition of receiving compensation.



Proposed Airline Passenger Bill of Rights 2.0

FlyersRights.org
Paul Hudson, President
800-662-1859
paul@flyersrights.org
web site: www.FlyersRights.org
Revised: June 16, 2014

Background and History of Air Travel since 1978

It has now been 35 years since the airline industry was deregulated as to fares, schedules, and service. It is long past time for the Federal Government to review the law and correct the abuses, inefficiencies and unintended consequences that have degraded the nation's public air transportation system in many ways.

Prior to the enactment of the Airline Deregulation Act of 1978 (ADA), air travel times decreased in each decade and reliability improved. The Civil Aeronautics Board (CAB) approved flight schedules, air fares, conditions, and standards of service. The Federal Aviation Administration (FAA) controlled the number of flights at major airports, preventing congestion and operated the air traffic control system directly. Faster and more reliable aircraft were placed in service each decade, and flight crews were better paid and arguably had higher standards of training and experience. Finally, airport capacity increases and additions in the 1950s through the 1960s kept up with increased air traffic.

Since 1978, there has been no net increase in the number of major US airports, so the skies around major cities such as New York and Chicago, whose need for an additional airport have been blocked by entrenched special interests, have become more and more congested. Deregulated airlines have discontinued the use of wide bodied jets carrying up to 500 passengers in favor of more frequent flights with narrow bodied airliners and regional jets carrying 20 to 140 passengers, thereby negating the principal strategy for increasing airport capacity. Airport authorities enjoy exemptions from most antitrust law and lack any significant representation of airline passenger consumer interests, so that they are permitted to and regularly do engage in anticompetitive behavior that drives up air travel costs and increases air travel delays and passenger inconvenience.

Regulations requiring minimum reserve capacity of equipment and flight crews have been allowed to lapse. Rule 240, the reciprocity rule, which allowed passengers on a significantly delayed or canceled flight to use their ticket on another airline's flight at no

additional cost have lapsed along with regulations requiring other airlines to honor a bankrupt airline's tickets.

Flight delays of over one hour have increased dramatically since 1980. This situation not only inconveniences, stresses and results in hardship for airline passengers, but also burdens airlines and the entire economy. The US economy depends upon safe, convenient, relatively low cost air travel, as often the only means of long distance transportation.

Airfares declined about 50% from 1980 to 2009, but have increased rapidly since 2010 especially when fees and taxes are included. Customer service by nearly any definition has declined.

Tarmac Delays and Confinements

In 2007 FlyersRights.org discovered that stranding and involuntary confinement on the tarmac was far more prevalent than the public perception based on a few publicized incidents. In June 2007 the US Department of Transportation Bureau of Transportation Statistics (BTS) admitted that airlines were not reporting and BTS was not requiring reporting of most long on ground delays, delays for diverted flights, cancelled flights and multiple gate return flights. These statistics were "lost in space" and not reported for time on the tarmac. New regulations were then adopted and the first report for October 2008 showed over 50 flights (which would imply 120,000 passengers per year) were delayed on the ground over 3 hours, though some analysts believe even those statistics greatly underreported these delays.

The flight crews had a strong financial incentive to pull away from the gate (and not go back) even if they knew the flight was not taking off for a long time, if at all. Nearly all airlines only pay flight attendants and pilots their full wages from the time that the cabin door closes, and some pay nothing for time spent with the aircraft at the terminal gate.

FlyersRights.org (fka Coalition for a Passengers Bill of Rights (CAPBOR)), the Aviation Consumer Action Project (ACAP), Public Citizen, Consumers Union, US PIRGs, New York State and several other state governments, the Business Travel Coalition and even some former airline executives all supported a 3 hour rule to give passengers the opportunity to deplane if a flight is delayed more than 2-3 hours and to require that water, food, and sanitary facilities be provided.

The DOT in December 2009 took major steps to reduce delays caused by congestion by enacting regulations that discouraged over scheduling of flight times. By enacting a version of "Truth in Scheduling" that the Aviation Consumer Action Project (ACAP) had long advocated, there has been a major reduction in chronically delayed flights and a virtual elimination of deceptively scheduled flights. Airlines previously had a financial incentive to schedule take offs and landings at the most popular times at major airports far in excess of airport capacity and then blame delays on air traffic control or weather.

Now they must disclose “on time” statistics for their flights to the public, explain to the DOT chronically late flights and eliminate deceptively scheduled flights.

Passenger service regulations were slightly strengthened in 2012 in the FAA reauthorization legislation, but much, much more is needed both to improve air transportation service and for basic consumer protection in the increasingly concentrated airline industry.

FlyersRights.org, after extensive consultations, has developed the following Airline Passenger Bill of Rights 2.0 (APBOR 2.0), which after receiving comments from its members and the traveling public is being presented for introduction in Congress and to the US Department of Transportation.

PROPOSED AIRLINE PASSENGER BILL OF RIGHTS 2.0

Seat Space, Airfare, Fees Standards and Definitions

1. “Airfare” (presently undefined in the law) shall be defined as the price including all taxes and fees taxes and fees for air transportation for air transportation and ticket/boarding pass issuance from an originating airport to a final destination airport. It includes a seat (at least 18 inches in width with leg room and other specifications and aisle width certified for comfort, safety and health by the FAA). Airfare includes one carry on piece of baggage, not exceeding 40 pounds, that will fit in an overhead container and one personal item that will fit under a seat, plus one piece of checked baggage under 50 pounds. It shall also include potable water, adequate food nutrition on flights lasting over 2 hours, plus toilet and hand washing facilities.

Current situation: The absence of a statutory definition of airfare, the unbundling of airline charges, and the addition of dozens of fees have allowed airlines to define the term airfare down to an increasingly meaningless base price, leading to deceptive advertising. Seat size and passenger space is generally unregulated and has resulted in aggressive reduction in size, leg room, aisle width, recliner pitch by airlines to increase revenue by squeezing in more passengers and adding new seat fees.

Bank interest, gasoline prices, octane rating, hotel rates and most other prices charged and advertised to the traveling public must meet defined disclosure standards. Disclosure enables consumers to price shop and prevents deceptive advertising, price confusion, and unfair competition.

2. Fees not included in the airfare must be conspicuously disclosed in advance of ticket purchase and shall be published and delivered in conventional machine readable form to all third party ticket sellers the same as airfares.

Current situation: Airlines have resisted disclosing their frequently changing fees in timely machine readable form to third party ticket sellers making price shopping by consumers increasingly difficult, as the lowest airfare from one airline when necessary fees are included will often cost more than a competing airline. Dozens of extra fees are now buried in airline web sites, not clearly disclosed. This leads to deceptive advertising of air travel costs.

3. Fees not included in airfare shall not be exorbitant, defined as in excess of 200% over the cost to the airline of the service or benefit or feature.

Current situation: The DOT has the authority and duty to prohibit "unfair or deceptive" airline practices but has never exercised to rein in airline fees such as baggage fees over \$100 or more per checked bag, change or cancelation fees of \$200 or more, and other fees far in excess of airline cost. The DOT's authority is ambiguous without statutory clarification in light of the Airline Deregulation Act of 1978.

4. Fees totaling over \$50 per passenger shall be subject to the same ticket taxes as airfares.

Current situation: Airline fees are not subject to airline ticket taxes which fund federal air safety and air traffic control, and subsidize airports. This tax loophole for airline fees if not closed will drain the aviation transportation trust fund. Such fees in the past 5 years have increased exponentially and now represent about 20% of airline revenue. One airline, Spirit, has 74 listed passenger fees in addition to its airfares.

5. "Service" (also undefined in the Airline Deregulation Act of 1978 preemption clause) shall be defined to mean only air transportation from point A to point B on a published schedule. It shall not include other things that an airline does or fails to do in the course of its operations, including those things which may violate state common law torts (fraud, false imprisonment, deceit, intentional infliction of emotional distress, negligence, or breach of contract), or state or local consumer, civil rights, health and safety regulations not in conflict with federal regulations or laws.

Current situation: The presumed legislative intent of the Airline Deregulation Act of 1978 (ADA) was to deregulate airfares and most scheduling and route decisions and to prevent states from re-regulating the airlines economically, not to exempt airlines from all state tort and consumer protection laws and common law for which other transportation industries are liable to consumers.

Due to judicial decisions broadly interpreting the term "service" in the ADA to include the entirety of what an airline does in the course of its operations, airlines have been effectively exempted from and given immunity for all violations of state and local consumer protection and contract laws, health and safety statutes, and all common law torts. Other entities providing services to the traveling public—hotels, restaurants,

ground transportation, tour operators, travel agencies, bars, stores, and places of entertainment—must abide by such laws. The only instance where an airline may be held liable is when negligence resulting in physical injury or death occurs and for certain criminal and civil rights statutes.

6. “Force Majeure” or “Acts of God” as used in airline contracts of carriage shall include severe weather, and other serious natural and manmade disasters and occurrences, but does not include lack of airline personnel or aircraft in airworthy condition, supplies or other conditions reasonably within the control of an airline certified to provide air transportation service to the general public.

Current situation: Airlines are unilaterally redefining force majeure in contracts of carriage to include things not normally within the common meaning of the term in order to relieve themselves of normal breach of contract liability for matters that are within their control such as maintenance and crew availability.

7. The FAA shall issue minimum standards and specifications for seat width, padding, reclining, size, pitch, leg room, aisle width for passenger comfort, safety and health within 180 days of enactment, in consultation with an advisory committee to be composed of representatives from airline passenger advocacy organizations, Occupational Health and Safety Administration (OSHA), and the Center for Disease Control (CDC), and including at one physician, ergonomic engineer, senior citizen, disabled air traveler, overweight person, disabled person, and at least six American air travelers representing a cross section of air travelers by age, height, weight, and gender. Until such standards are adopted, there shall be a moratorium on reductions in seat size, width, padding, pitch, and aisle width.

Current situation: Except for aisle width to emergency exits and strength, there are no seat or passenger space regulations. Airlines are now aggressively reducing seat and passenger space on both new and existing airliners to squeeze more revenue out by adding more seats, charging extra for what had previously been standard seat space, to the point that passengers are loudly complaining and health and safety is threatened. The World Health Organization has reported a major increase in life threatening blood clots caused by lengthy immobility in cramped spaces. Narrow aisle widths make timely emergency evacuation difficult and increase normal loading and unloading times. Even Airbus, the only airliner maker other than Boeing has called for international standards for passenger comfort, especially on long haul flights. Passengers have grown heavier and older in the past 50 years, while seat sizes have shrunk and will shrink even more without standards.

Traveler Delay Avoidance & Mitigation

For many decades by far the largest number of consumer complaints to the DOT has involved flight delays. Starting in 1980, each decade has seen air travel times increase and excessive flight delays become more prevalent.

The airlines generally blame air traffic control and weather, but this rings hollow when the particulars are examined. At times up to one third of flights are now delayed, and the figure is always over 10%.

8. Reinstate the reciprocity rule (aka Rule 240) allowing passengers on canceled or excessively delayed flights (over 90 minutes) to use their tickets on another airline with available seating flying to the same or nearby destination.

Current situation: Some airlines still have private arrangements with other airlines to carry their delayed passengers but most do not. The rule would reward airlines that provide timely service and penalize those that do not, as well as maximize the efficiency of the entire air transportation system. Now the opposite is true.

9. Establish a minimum fine of \$3,000 per passenger for tarmac delays in violation of the 3 hour rule with \$1,000 of fine paid to affected passenger plus \$10 per minute for delays over 3 hours.

Current situation: Most airline violations of the 3 hour rule are not fined by DOT, or are fined at less than \$1,000 per passenger (vs the maximum fine of \$27,500 per passenger). There is no minimum fine, nor is there is any requirement that passengers receive any compensation for a 3 hour rule violation. In only two incidents since 2010 have passengers received anything and usually that is in the form of coupons for future air travel on the offending airline.

Courts have generally ruled that under the ADA passengers cannot recover unless they are killed or physically injured in the course of airline operations, and have disallowed all airline passenger class actions since enactment of the Class Action Fairness Act of 2005. The DOT takes 1 to 3 years to investigate violations, has only if at all issued fines under consent orders, and as a matter of policy reduces fines by at least 50% based on airline promises.

In 2010 and 2011 there were only a few incidents, but in 2012 it rose to one per week and in the first half of 2013 to two per week. Prior to the promulgation for the 3 hour rule in 2010, airlines were stranding 150,000 to 250,000 passengers per year on the tarmac for over 3 hours, sometimes up to 12 hours without permitting passengers to exit the aircraft and sometimes without adequate water, food and toilet facilities, or proper ventilation and air quality. Airlines and their employees' financial reasons for tarmac confinements, include avoiding ticket refunds, alternative transportation and overnight lodging expenses for passengers, and higher pay for flight crews for tarmac delays than for terminal delays.

10. Require airlines to conduct live testing of emergency or irregular operation plans at least annually or more frequently for airlines that fail practice tests or actual emergency operation performance standards.

Current situation: Airlines are required to have filed approved emergency operation plans (to provide for graceful degradation of air transportation in stormy weather, airport closures, severe congestion with the DOT/FAA but are not required to have actually tested or practiced or trained their employees to execute the plans, making failure to perform them as planned the norm rather than the exception. Without workable emergency or irregular operation plans air travel is plagued with de facto blackouts or brownouts from storms and other conditions that unnecessarily disrupt air transportation regionally for days or even weeks at great expense to travelers, businesses and the US economy, which depend on reliable air transportation to operate efficiently and competitively.

11. Reinstate lapsed legislation requiring airlines to honor tickets of airlines shut down by insolvency.

Current situation: Larger carriers who face insolvency generally declare chapter 11 bankruptcy that allows them to continue operating, however, smaller ones generally shut down operations, sometimes abruptly leaving ticket holders as unsecured creditors and with disruption and extra travel expenses. As all airlines are required to maintain insurance or bonds for such eventualities, airlines who honor tickets of an insolvent shutdown airline will be reimbursed by currently required insurance. Without such legislation, carriers in weakened financial condition may be blacklisted by travel agents and travelers thereby hastening or causing their failure.

12. Require airlines to maintain a ready reserve of equipment and flight crews sufficient to provide good service and a flight cancellation rate due to equipment or crew shortages to under 2% and on time performance of over 85%.

Current situation: Most airlines operate with little or no reserve capacity so that when equipment breaks down or flight crews are unavailable, flights are canceled or seriously delayed. This situation is aggravated by the fact that airlines are operating at record capacity of over 80%, so that a canceled flight means that passengers may have to wait many hours or even several days to get on another flight to their destination. Cancellation rates can now exceed 5%, on time performance can be under 75%, and there has been a major increase in delays of over one hour.

13. Set minimum fines of \$1,000 per passenger with ½ paid to affected passengers for flight cancellations based on false claims of force majeure (e.g. weather or air traffic control restrictions when the real reason is lack of equipment or personnel or for economic reasons such as too few passengers).

Current situation: Studies and statistics show a very high rate of false or fraudulent reporting by airlines, but they are rarely if ever fined and passengers receive no compensation for this misbehavior which is profitable for airlines, since they avoid expenses that honest reporting would otherwise entail.

14. Require cancellation for economic reasons to be made at least 3 hours before flight time, and provide passengers with alternate transportation plus a ticket refund, or breach of contract consequential damages up to \$5,000. Presumption that flight was canceled for economic reasons if no ground hold and flight less than 30% booked.

Current situation: While airlines are required by contract and by conditions of their FAA certificate to provide safe and convenient air transportation to the general public and economic flight cancellations amount to a breach of contract or civil fraud and/or violation of their certificate, enforcement is virtually nonexistent, thereby rewarding bad practices and penalizing honest ones.

15. Require passengers to be informed both verbally and in writing of their rights to compensation for flight delays under US law for domestic flights, under the Montreal Convention of 1999 for international flights (with compensation up to \$7,000), and under EU regulations for flights flying to, from or within EU countries.

Current situation: Neither the airlines or DOT inform passengers of their rights to compensation for flight except in situations involving bumping or oversales.

16. Require where delays and cancellations result in stranding passengers overnight away from their home cities, require that passengers receive meals, lodging and ground transportation.

Current situation: This was once provided as a matter of course, but now many airlines decline to do so except for high paying or frequent travelers. Such expense avoidance provides another incentive for bad service and penalizing airlines that provide good service. It also discriminates against and burdens coach and occasional travelers while providing unstated extra benefits to premium fare travelers.

Lost, Damaged and Mishandled Baggage

17. Require airlines to follow the standards of the Uniform Unclaimed Property Act providing for efforts to return lost unclaimed baggage to its rightful owner. If such efforts fail after 90 days, selling property at auction with proceeds going to a Lost Baggage Fund, to be used to satisfy lost/stolen property claims, fund consumer protection services by nonprofit organizations and for arbitration services for disputed lost baggage claims.

Current situation: Airlines are the only large private holder of other persons' property exempt from the Uniform Unclaimed Property Act used by nearly all states. At common law abandoned property was forfeited to the state and airlines would have unlimited

strict liability for lost or damaged property placed in their custody. Airlines by law have had their liability capped at \$3,000 for domestic flights and \$1650 for international flights with short claim periods. Airlines now sell unclaimed baggage after a short holding period and keep the proceeds. They are not required to use readily available methods to return property to its rightful owner, generally dispute the great majority of lost baggage claims, and passengers have no practical means of redress.

18. Require airlines to offer excess value insurance for lost or damaged baggage for premiums not in excess of those commonly charged by other common carriers.

Current situation: Airlines generally do not sell baggage insurance, and do not allow passengers to declare higher value than their liability limits. Common carriers like the USPS, UPS or Federal Express charge 1% of excess declared value for insurance.

Lack of insurance, low liability limits and low claim payment rates make for low quality checked baggage services and little or no security against theft, even though most airlines now charge \$25 to over \$100 per bag for checked luggage.

Airline Rights Enforcement, Remedies, Complaint Handling and Adjudication

19. A 24 hour complaint hotline provided for in 2012 law and a passenger claims arbitration service should be funded up to \$10 million per year by a set aside of 10% of fines paid by airlines to the US Government for violation of DOT or FAA regulations, plus up to 1/1000 of the ticket taxes and facility charges paid by airline passengers. No funding is currently provided for the passenger hotline and it has not been established by DOT.

Current situation: Only 10% of complaints to DOT result in a referral for additional investigation, 90% are merely logged for statistical purposes. Airlines are not required to do more than respond and acknowledge complaints.

Unlike consumer claims in other fields, no arbitration is provided for, and airlines have the right to remove any lawsuit filed in local or state courts to US District Court where litigation expenses far exceed any recovery. Airlines are one of the only industries serving the general public exempt from all state and local consumer protection laws, based on judicial interpretations of the Airline Deregulation Act of 1978's federal preemption clause.

20. Complaints to the DOT against airlines and to TSA about security screening at airports or against airports by airline passengers shall be acknowledged within 24 hours, and responded by the party against who the complaint was filed within 30 days, and with the reply by the complaining passenger within another 30 days. The DOT shall rule on

whether or not it finds probable cause to investigate a complaint as a possible DOT regulation or other unlawful conduct within 100 days of receiving a complaint, and shall so inform the complaining party and the party against the complaint was made.

21. All contracts of carriage shall provide that passengers have the right to have any claim under \$10,000 adjudicated by an arbitrator approved by state or federal attorneys general or state consumer protection agency or in small claims court in the jurisdiction where the passenger resides within the US, or otherwise where the airline does business.

22. In the event court or arbitration awards an amount in excess of the amount offered by the airline, the passenger shall be entitled to an additional amount for litigation expenses including time spent on the claim at \$100 per hour, for expert witness fees, plus reasonable attorney fees up to \$250 per hour.

23. Common law doctrines voiding unconscionable provisions in consumer contracts and for contract interpretation based on contracts of adhesion shall apply to airline contracts of carriage.

24. All airline passenger claims under \$80,000 against airlines shall be adjudicated in state or local courts or before arbitrators in the county where the passenger resides, unless the passenger consents to adjudication in a US District Court or other jurisdiction.

Frequent Flier Programs Standards, Disclosure and Reporting

25. Require airlines to report basic statistics on their frequent flier programs to enable consumers to objectively evaluate each airline program, including the number of miles expired, used and accumulated unused each quarter, the number of award tickets granted, especially to popular vacation destinations, restrictions on transfer or used by persons or entities other than the frequent flyer account holder.

26. Require notice of 12 months to materially reduce or devalue benefits to existing frequent flier account holder members of over one year.

27. Prohibit airlines from unfairly reducing benefits or eliminating a passenger from its frequent flyer program based on service complaints.

Current situation: Frequent flier programs have become an integral part of air transportation services used by air travelers for vacation travel. They are also a source of revenue for airlines which sell miles to credit card, car rental, hotel and other businesses that seek to provide customers with a low cost inducement to buy customer loyalty.

The US Supreme Court has ruled that states may not regulate these programs as they do other consumer contracts, and the DOT or Congress has not yet done so.

For accounting purposes frequent flier miles represent a potential liability for the airlines. Airlines, however, take the position that these are not binding contractual obligations but merely marketing programs that can be altered or eliminated at will. As miles accumulate on the books of an airline, there is an enormous incentive for the airline to devalue them by program changes (most recently United Airlines announced program changes that devalue its frequent flier miles by at least 40%).

Most consumers however view frequent flyer programs as an important benefit, with the miles they accumulate for future travel being an obligation of the airline and an asset of theirs. However, airlines now generally reserve the right to reduce or eliminate benefits or membership at will.

Studies show that there are radical differences in airline frequent flyer programs, with some airlines allowing as little as 5% of miles to be redeemed for travel and others nearly 100%.

Airport Governance and Consumer Protection

28. FAA airport certificates shall require that the governing board or authority management of all airports with over 100,000 but under 1 million annual passenger enplanements shall contain at least one person representing airline passengers who has not received any significant compensation from the airport, its vendors, employee unions, contractors or creditors in the previous five years and who does not reside within 5 miles of the airport, and at least two airline passenger representatives for airports with over 1 million annual passenger enplanements, at least one of whom shall be a frequent passenger using said airport.

Current situation: Airports in the US are owned and operated by cities, counties and state or regional government entities, and generally contain little or no passenger interest representation. This often result in policies that tend to increase airport revenue at the expense of passengers and unnecessarily increase passenger inconvenience and travel times. The FAA under 14 USC Part 139 regulates and issues operating certifications for all airports served by airlines.

29. Within 180 days, the GAO and DOT Inspector General shall review airport antitrust exemptions, identify practices that increase passenger expense, inconvenience, travel times, negatively impact national air transportation efficiency and report to Congress with recommendations.

Current situation: Airports generally operate as government monopolies exempt from antitrust laws. This has led to higher air transportation costs, increased travel times, poorer services for passengers, and prevents competing private enterprises from providing lower cost and higher quality services to the traveling public. Examples include monopoly concessions to taxi, shuttle and bus companies, relocation of rental car

facilities to remote locations to free up high cost parking spaces near terminals (parking fees being the #1 source of airport revenue), preventing regional airport competition or additional airports to maximize revenue, favoring airline mergers and consolidation to increase gate lease and landing fees, use of airports for political patronage and to reward donors to political campaigns of elected officials, imposing high and ever increasing fees and charges on passengers, lobbying against needed additional airports to relieve congestion, and covenants in airport bond indentures restricting competition.

30. Airports and airlines as a condition of receiving federal certification for public interstate air transportation shall ensure that consumer rights information is freely available to passengers in written and electronic form.

Current situation: All airlines and airports provide passengers with information and advertising in written and electronic form, but have generally not allowed consumer rights information to be freely available or provided to passengers, whether in leaflet, poster, seat back pockets, airport television, book and convenience retailers, public information desks, telephone hot lines, or on wifi home pages. Such information could be provided with little expense and would provide an important public service to passengers (who provide nearly all airport and airline revenue through airline ticket and airport taxes and fees). Passengers must now rely largely on airlines who have a vested interest in not providing passengers with information on their rights, particularly where such may involve passenger compensation or fines for violation of passenger rights.